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# THE TIMES

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## Muskie pledge to meet Russians soon for talks

Mr Edmund Muskie, America's new Secretary of State, in his foreign policy outline emphasized yesterday that he intended to follow the policies developed by Mr Cyrus Vance, his predecessor. He also asserted that he must be the President's chief spokesman on foreign policy matters. He expressed a wish to meet Mr Andrei Gromyko, his Soviet opposite number soon, to discuss Russo-American relations.

## Vance policies will be pursued

From David Cross  
Washington, May 7.

Mr Edmund Muskie, the new Secretary of State, said today that he would pursue the foreign policy developed by Mr Cyrus Vance, his predecessor, and President Carter.

Outlining his priorities for the coming months, Mr Muskie said that he would pursue the foreign policy developed by Mr Cyrus Vance, his predecessor, and President Carter.

In an opening statement, Mr Muskie listed the fundamental beliefs on which his foreign policy would be based. They included a strong American defence posture, for strong alliances based on regular consultation and trust, for a firm and balanced policy towards the Soviet Union, and for the spread of human rights around the world.

He said that President Carter had already promised that this would indeed be the case, although Mr Vance had received similar assurances from the President when he was nominated three and a half years ago.

Several members of the committee were clearly sceptical about Mr Carter's renewed promises.

In response to questions from senators, Mr Muskie made it clear that he supported fully the ratification of the new strategic arms limitation agree-

ment (Salt 2), although, he said, the burden now rested with the Soviet Union to withdraw its occupying forces from Afghanistan before the treaty could be approved by the Senate.

He said that the Soviet invasion of Afghanistan had been profoundly disturbing to him and while the occupation continued economic and other sanctions, like the American boycott of the Moscow games, should remain in force.

Asked what he would do to end the Iranian hostage crisis, Mr Muskie indicated that secret moves were underway at a diplomatic level to try to rescue the hostages. He refused to be more specific, adding, however, that he had some ideas of his own for resolving the crisis but he did not want to make them public at this stage.

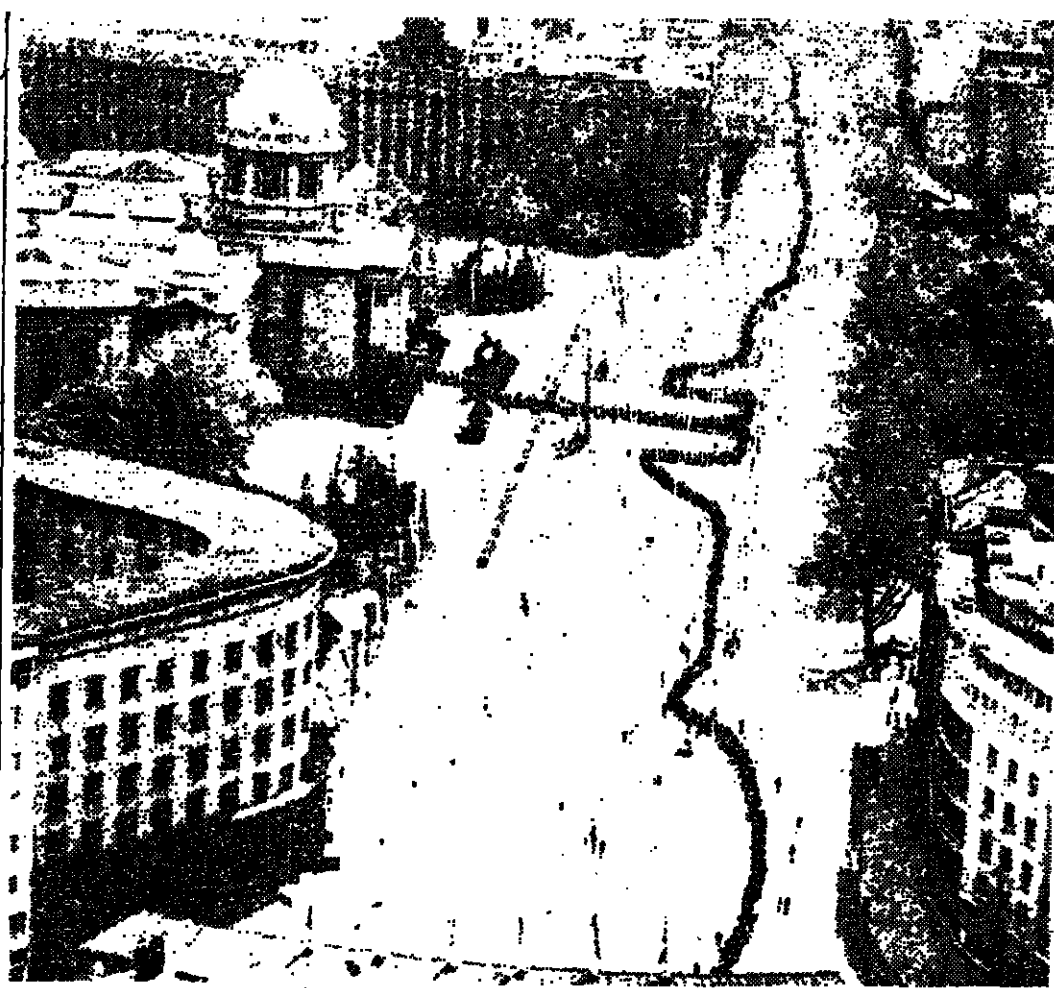
The Secretary of State also confirmed that he would like to meet Mr Andrei Gromyko, the Soviet Foreign Minister, in Vienna in about a week's time. He thought that such a meeting, if it took place, would be very useful in assessing the state of Soviet-American relations since the Soviet invasion of Afghanistan.

Moscow soundings: Mr Thomas Watson, the American Ambassador to the Soviet Union, today had a meeting with Mr Gromyko to discuss relations between their two countries (Michael Birnbaum writes from Moscow).

No details have been given of their talks, but Western diplomats understood that the ambassador raised the question of a possible Gromyko-Muskie meeting. Both men will be in Vienna on May 16 to attend celebrations of the Austrian state treaty.

Little of substance is expected from such a meeting, but the Russians will be anxious to know what line Mr Muskie will take in his dealings with the Soviet Union, and whether his appointment could signal any improvement in the present glacial state of relations between the two superpowers.

Mr Muskie has been portrayed as a man who, although "relatively moderate", has supported the "dirty war" in Vietnam and the aims of Israeli extremists.



Thousands queue outside Belgrade's Parliament Hall where President Tito is lying in state.

## Statesmen gather for Tito funeral

From Dossa Trevisan  
Belgrade, May 7

World divisions were briefly set aside today as the leaders of nearly 100 countries gathered in Belgrade to pay their last homage to President Tito. They joined the silent file of hundreds of thousands of Yugoslavs who have been honouring the memory of President Tito for the past three days.

The presence of more than 30 heads of state, 24 prime ministers, 46 foreign ministers, royalty, and presidents, Soviet black communist leaders and leading Eurocommunists, social democrats and representatives of nonaligned countries, emphasizes Yugoslavia's unique position.

Plane after plane landed at Belgrade airport this morning to be met by Yugoslav officials and driven away in a stream that continued from early morning to late afternoon.

The United States delegation headed by Vice-President Mondale arrived shortly before noon. Mr Mondale reassured the United States support for Yugoslavia's independence, but Yugoslavs do not conceal that President Carter's decision to stay at home is deeply regretted.

President Brezhnev of the Soviet Union landed at Belgrade airport a few minutes after the British delegation headed by the Duke of Edinburgh. Prince Philip was accompanied by Mrs Margaret Thatcher, both Opposition leaders, and Sir Fitzroy Maclean and Sir William Deakin, both of whom headed a British mission with Tito's partisans during the Second World War.

The arrival of President Brezhnev attracted the greatest attention among Yugoslavs, the star of a spectacular array of world statesmen and politicians. Wearing a black tie he had some difficulty in descending from the plane and had to be helped by aides. Once down, he looked alert and seemed in better condition after his holiday.



Mr Brezhnev inspects troops after arriving in Belgrade.

He looked alert and seemed in better condition after his holiday.

Interest is focused on talks likely to take place in the next 24 hours among the world's leaders.

That Mr Brezhnev brought his English interpreter is significant. Many wonder whether this might provide an opportunity for a meeting between Mr Brezhnev and Chairman Hua Guofeng of China who arrived yesterday.

Herr Helmut Schmidt's delegation includes Herr Genscher, the Foreign Minister. It is believed he will meet Herr

Mr Walter Mendale, the United States Vice-President.

Honacker, the East German leader.

Belgrade prepares for the funeral tomorrow morning, while hundreds of thousands of Yugoslavs continue their silent march past President Tito's coffin, queuing patiently throughout the night and day to wait for the delegations to lay the wreaths.

President Tito will be buried in the garden of his residence in accordance with his personal wishes, among the flowers which he had planted and arranged. He has asked that the white marble will bear only a simple inscription: "Josip Broz Tito, 1892-1980".

Carter statement, page 8

## Granada TV must disclose source of secret British Steel documents, Lord Denning rules

By Frances Gibb

Granada Television must disclose the source of confidential British Steel Corporation documents which formed the basis of a programme broadcast during the steel strike, it was ruled in the Court of Appeal yesterday.

Lord Denning, Master of the Rolls, sitting with Lords Justice Templeman and Watkins, upheld a ruling last month by Sir Robert Megarry, Vice-Chancellor, that as requested by British Steel Corp, Granada be ordered to say who the supplier was. The corporation said it needed the name to remove a cloud of suspicion over several employees and to remove the possibility of a future leak.

Granada Television behaved so badly over confidential documents it obtained about the corporation that it has forfeited the protection the law normally gives the press against disclosure of sources, Lord Denning said.

Protection is given to the press only on conditions they do not abuse their power, he said. "Here Granada have abused it. They should be compelled to discover the source of their information."

"I cannot think it right that their want of responsibility should enable them to make this damaging attack on the steel corporation and the Government."

The court refused leave to appeal. Afterwards however, Mr

David Boulton, head of current affairs, said Granada would seek leave to appeal to the Lords from the Lord's appeal committee. They have a week in which to do this.

The papers formed the basis of The Steel Papers, broadcast on February 4 in the sixth week of the steel strike. It argued that British Steel's difficulties were not just the result of low productivity but also poor management and that "back-door government intervention" had protected the strike.

Although Sir Charles Villiers, British Steel chairman, was invited on to the programme for interview, the interviewer acted like a cross-examiner, Lord Denning said. He kept interrupting Sir Charles. His conduct spoke for itself, it was deplorable.

Granada did not give Sir Charles a chance to see the script before he arrived at the studio and left it late before telling the corporation about the programme, Lord Denning said. "Added to this, the tampering with the papers was disgraceful."

When Granada returned the 250 documents, after the corporation had issued a writ, it cut off the serial numbers so that the source could not be identified.

The documents were beyond question the property of the British Steel Corporation, Lord Denning said. To destroy them or any part of them, was as bad as the obstruction of a witness.

The unnamed employee, Lord Denning said, is a man probably

"in the uppermost levels of the British Steel Corporation". Although he committed a grave breach of confidence, he did it out of a keen sense of indignation. "He did it because he thought the public ought to know."

Breach of confidence was not of itself sufficient reason of Granada to be compelled to disclose his name, he said. "The public has a right of access to information which is of public concern and of which the public ought to know."

In support of this right of access, newspapers should not in general be compelled to disclose sources, neither by means of discovery before a trial, nor by cross-examination at a trial, nor by subpoena, he said. If they were, their sources would dry up.

But the principle was not absolute, he said. The journalist had no privilege by which he could claim, as of right, to refuse to disclose the name.

The ruling, if upheld, means that Mr Boulton, as head of Granada's current affairs, either has to break what is one of the most fundamental ethics of journalism and disclose his source, or face imprisonment.

Only once before, in 1963, were journalists ordered to disclose their sources, because of public interest in ordering disclosure was held to outweigh the public interest in protecting sources of information.

Several journalists, including Mr. Brendan Mulholland, Continued on page 2, col 5

## Mr du Cann attacks Tory economic policy

By Hugh Noyes

Parliamentary Correspondent  
Sir Geoffrey Howe, Chancellor of the Exchequer, was given a warning last night in the Commons by Mr Edward du Cann, one of the most influential Conservative backbenchers, that his entire economic strategy could be at risk unless there were variations in policy.

Mr du Cann, chairman of the powerful 1922 Committee of Conservative backbench MPs and also of the all-party Treasury and Civil Service Committee, which recently produced a report highly critical of the Government's expenditure plans, was speaking only minutes after the Chancellor had told the Commons that he had no doubt about the correctness of the Government's strategy and that the was determined not to alter course.

Sir Geoffrey said that there could be even harsher cuts in the spending programmes if the

modest growth predicted was not forthcoming.

But Mr du Cann told him that although his targets were probably obtainable because his assumptions were conservative, it would be as foolish to rely on them for success as it would be for an unemployed man with minimum income and maximum expenditure to rely on a pool of money to see him through.

Speaking at the start of a debate on the White Paper on the Government's expenditure plans up to 1983-84, he pointed out to the Chancellor that his committee's reservations on government policy were formidable in aggregate.

The projection of a 1 per cent real growth rate after this year was too optimistic while the unemployment figure of 1.8m maximum over the next four years was under-estimated. The fall in manufacturing output by 1983 would probably be higher than the predicted 6 per cent.

Parliamentary report, page 16

## Chancellor rules out early cut in interest rate

By John Whitmore

Financial Correspondent  
Interest rates are unlikely to be cut in the near future, despite a further slowdown in monetary growth during April.

Sir Geoffrey Howe, Chancellor of the Exchequer, told the House of Commons yesterday that to reduce the Bank of England's minimum lending rate (MLR) prematurely would risk undermining the Government's policies aimed at reducing the rate of inflation.

He said the Government might then be faced with having to increase interest rates again later in the year. That would damage industry, homeowners and consumers alike and push the prospect of resumed growth further into the future.

Sir Geoffrey's warning came after increasing speculation in the City over the past couple of weeks that ministers, notably the Prime Minister, were keen to lower interest rates as soon as possible.

This speculation has been fuelled by the recent cuts from industry for lower interest rates, the sharp fall in dollar interest rates over the past three weeks, and evidence that the Government is successfully restraining the rate of growth in the money supply.

On the basis of yesterday's banking figures for April it appears that sterling M3, the broad measure of money supply, grew by little more than the benefit of the doubt.

Continued on page 23, col 5

## Ballet and racing missed BBC cuts

BBC television and radio services will be seriously reduced in quantity and quality if planned expenditure is changed by higher inflation or pay demands in the next two years. An inquiry by The Times shows how narrowly the television service escaped serious mutilation during the recent round of cuts in the BBC's 1980-82 spending plans. The two television networks survived with a 3 per cent cut; out of a 5 per cent cut would have ended all broadcasts of opera, ballet and horse racing. Page 4

## Talbot to lay off 3,500

The Talbot car plant at Linwood, outside Glasgow, will come to a halt by the end of this week when almost 3,500 production workers will be laid off. A mounting dispute involving only two jobs provoked a strike by 26 metal fitters last week. An additional 1,400 men were laid off yesterday. Page 22

## Heart men doing well

Britain's latest heart transplant patients are recovering well. They are Mr John Gardiner, aged 44, from Oxford, who is in Harefield Hospital, Uxbridge, and Mr Sydney Cash, aged 47, from Birmingham, who is in Paoworth Hospital, near Cambridge. Page 4

## Mugabe reassurance

Mr Mugabe has asked calm foreign investors in Zimbabwe by assuring them that his government did not intend stopping foreign companies sending their profits overseas. Page 16

## Mr Paisley arrested at Armagh ceremony

The Rev Ian Paisley was among three Northern Ireland MPs arrested at the enthronement of the Church of Ireland's Archbishop of Armagh. They were protesting about the presence at the ceremony of Mr Charles Haughey, Prime Minister of the Irish Republic. Page 2

## Citizens' radio approval

Britain is to get a citizens' band radio system called Open Channel, Mr William Whitelaw, Home Secretary, has announced. A discussion paper will be published soon. Page 6

## Kennedy fights on

Senator Kennedy and Mr George Bush are to continue their struggle for the presidential nominations despite defeats in Indiana, North Carolina, and Tennessee, and party pressure to concede defeat. Page 8

## Attempt to save Olympics

Lord Killanin, president of the International Olympic Committee, met President Brezhnev in an attempt to save the Moscow Games from a wholesale Western boycott. He is understood to have urged the Soviet leader to play down all political aspects. Page 8

Industrial relations: Employment Secretary says most union members are "unwilling conscripts in the trench warfare" with management. 2

IRA warning: Provisionals blow up two rail bridges on the Belfast to Dublin line and threaten passengers and repair men. 2  
Classified advertisements: Appointments, pages 26, 30, 32; La creme de la creme, 32; Personal, 33, 34; Reader Service Directory, 15



## Siege man may soon be charged

By Staff Reporters

Charges against the gunman who survived the attack on the Iranian Embassy in London were understood to be imminent last night. As detectives completed questioning the man the final toll of the six-day siege was put at five gunmen dead, two hostages dead, and 24 hostages freed.

Two of those, both Iranian diplomats, were still receiving treatment in hospital yesterday. During the morning firemen and forensic science experts searched the wreckage of the embassy and found the two bodies they suspected were inside. One was that of a gunman and the other that of Mr Ali Akbar Samadzadeh.

Scotland Yard said later that there were no more bodies and it confirmed that there had been six terrorists.

The dead gunman are thought to include the leader of the group and his second in command. It may be some time before the police establish the identities of the attackers but inquiries will be opened tomorrow.

Hostage interview, page 2

## Four newspaper unions acted illegally over TUC day of action, judge says

By Paul Routledge

Labour Editor  
The High Court ruled yesterday that four newspaper unions had acted illegally in organizing support among their members for the TUC's day of action next Wednesday. It was Mr Justice Griffiths said, a political strike that enjoyed no protection in law.

He granted Express Newspapers an interlocutory injunction ordering the unions to withdraw in their entirety circulars issued last month which urged their members to work on May 14 in protest at government economic and employment policies.

In a judgment that may prompt widespread misgivings among union officials seeking rank and file participation in the labour movement's protest, the judge said: "As the law stands, those who urge such action enjoy no special protection and they are acting unlawfully."

The TUC Economic Committee, which has been responsible for organizing the strikes, marches and rallies, reaffirmed last night its intention to mount an effective day of action "whatever the effect on particular groups the consideration of legal action may have."

Leaders of the four unions affected by yesterday's judgment, the Society of Graphical and Allied Trades, the National Union of Journalists, the National Union of Operative Printers, Graphical and Media Personnel (Natopma), and the National Union of Journalists, met this morning to decide whether to appeal. A statement is expected about noon.

There were signs last night that whatever the response to the High Court order by union executives, the powerful chapel (office branch) print workers' officials will prevent production of national newspapers next Tuesday night.

## Weatheralls Property Report

Weatheralls  
Green & Smith



## HOME NEWS

## Embassy driver tells of gunmen's threat to kill British hostages

By Stewart Tendler

At one stage in the Iranian Embassy siege, British hostages were lined up against a wall and told they were going to be shot, Mr. Morris said yesterday.

When an angry gunman later went to kill one of the diplomats, Mr. Morris said, the gunman stopped him from firing by stepping in front of him.

Mr. Morris, chauffeur and factotum at the embassy, said the man whom PC Lock saved was Mr. Abbas Labasani, the assistant press attaché, who was later shot after volunteering himself to the gunmen as their first victim.

As the men of the Special Air Service attacked, the gunmen began spraying the main body of hostages with machine gun fire. A soldier appeared, gun at the ready, and Mr. Morris escaped from the room.

The threat to the Britons came on the second day, but the terrorists then calmed down and assured them they were not to be hurt. The British and other non-Iranians were kept apart from the Iranians.

Mr. Morris said the six terrorists were all young men, most of them wearing machine guns and grenades. Two of the men kept scarves across their faces throughout the siege.

But the others gradually identified themselves. The leader, now dead, was a man who called himself "On". His second in command was Faisal, also now dead.

The gunmen established themselves in a headquarters on the first floor. The hostages were moved round the embassy to confuse the police outside.

On the second day of the siege, the gunmen explained their main part in the revolution, they are their region wanted a part in the government of Iran.

Mr. Morris said their first interest was to get out a press bulletin.

The gunmen launched their attack on London because they believed the British press was the fairest in the world and would report their case accurately.

Their next objective was to escape, Mr. Morris said. They were convinced they would get away with it.

As the days passed the hostages settled into a routine. In the mornings Mr. Morris and Mr. St. Harris, the BBC sound recordist, made tea for the one and the women were

allowed to make meals in the embassy's kitchen.

Last Sunday things began to get tense, Mr. Morris said. "They wrote slogans in Arabic on the embassy walls saying 'Death to Khomeini' and this upset the embassy staff."

Arguments broke out as the staff, led by the Charge d'Affaires, asked the gunmen to stop writing the slogans. Mr. Morris said the gunmen were told to shut up. Then Faisal cocked his gun and rushed across the room.

"PC Lock got in his way and put his arm across the gunman," Mr. Morris said. The gunman stopped and the dispute subsided.

Throughout the siege PC Lock kept up morale. "He was exceptional. Cool and calm," Mr. Morris said.

On what was to be the last day of the siege, the gunmen were clearly getting frustrated that their demands were not being met. Mr. Labasani told the other Iranians that he would volunteer to die. With no family or strong convictions, he said he was willing to die for his faith. The staff now feel he chose martyrdom.

Mr. Morris said he saw the terrorist leader pacing with the telephone, telling the police that he was not going to wait. He told the police: "I will kill one now and another in 45 minutes. The next time the telephone rings it should tell me that the ambassadors are coming. I do not want any more messages."

Mr. Labasani left the room and there were shots. Mr. Morris said he believes that Mr. Labasani was not killed at that point but later and that the terrorists were bluffing.

There was a second burst of gunfire before the body was thrown out of the embassy. When the police got to it they found it had been dead some time.

The end of the siege came as the hostages were gathered under one guard. As the sound of explosions and gunfire began to fill the building, the man firing at the Iranian diplomats.

An SAS man appeared, framed in the door with a gun extended in front of him. Mr. Morris shouted: "I'm British, British, British." The soldier grabbed him and threw him from the room.

## Students elect Tory

Stirling university students have elected Miss Anna Soubry, aged 23, as the first Conservative member of the Students Association.

## Three Ulster MPs held as archbishop is enthroned

From Christopher Thomas

For a supposedly pious and historic occasion the enthronement of the Archbishop of Armagh yesterday had a distinctly unholier air.

Three Westminster MPs, including the Rev Ian Paisley, succeeded in their attempt to be arrested, albeit briefly; the city of Armagh was turned into a fortress, with hundreds of heavily armed police and soldiers; 50 rowdy "loyalists" with Union Jacks held high were hustled into a narrow roadway and hemmed in by as many policemen.

Even as the service progressed helicopters circled above St Patrick's Cathedral and police officers with machine-guns and high-powered rifles patrolled the grounds; one, pistol on hip, stood at the main door.

The Most Rev John Armstrong, the new Primate of All Ireland, has 400,000 Protestants in his flock, three-quarters of them in Ulster. Some of the banners held aloft by the demonstrators outside were less than complimentary about him. But then they did come from the Rev Ian Paisley's Free Presbyterian Church. Mr. Paisley has already turned his wrath on to Archbishop Armstrong, the European Parliament, and two fellow Democratic Unionist MPs, Mr. Peter Robinson (Belfast, East) and Mr. John McQuade (Belfast, North), were taken away after Mr. Paisley told the police: "We are going to go through. You have no option but to arrest us."

The three MPs were finally led off to the local police station where they were held for about 90 minutes. No charges were offered. A senior officer said later that a report would be sent to the Director of Public Prosecutions.

He and his followers were demonstrating about the presence of the Vassall spy tribunal. He and Mr. Reginald Foster, of the Daily Sketch, were jailed. Appeals, heard by Lord Denning, were dismissed.

Sir Denis Forman, chairman of Granada Television, said yesterday: "We stand by our view that this was a responsible programme, responsibly made, in the public interest, dealing in the sixth week of the steel strike with matters which had an immediate priority."

In answer to Lord Denning's criticism of the way the programme was handled, Granada television said its makers had followed a code of conduct laid down because of the dangers which could arise from live television interviews.

British Steel was told the day before the programme the precise nature of the documents and by letter given the questions to be asked. The interview was pre-recorded and broadcast unedited. Afterwards, Sir Charles Villiers had said he had had "a pretty fair hearing."

The jury cleared Mr. Moller of murder. The prosecution had alleged that he battered his wife to death with a wooden stool after a dispute.

German actor gets five years for killing wife

Mr. Gennar Moller, aged 51, the German actor who was part of the Dutch barge in the BBC television series Secret Army, was sentenced by Mr. Justice Caultfield at the Central Criminal Court yesterday to five years' imprisonment for the manslaughter of his wife Bridget, aged 45.

The jury cleared Mr. Moller of murder. The prosecution had alleged that he battered his wife to death with a wooden stool after a dispute.

He noted that people in industry were generally better educated and less deferential than before, and the steady growth of union membership had led to a more assertive attitude. But it was difficult to rebut the criticism that unions had become organs of entrenched interest. Their ideal of solidarity was too often an empty slogan in the interests of a small group were mindlessly subordinated to those of another group of workers.

The unions' task of re-examination required a questioning of their political functions, as well as a shift away from "action day" mentality. Instant resort to industrial action had become "a dangerous habit", he said.

"There should be much more thought, and much more guidance, by individual unions and possibly by the TUC on such matters as the extent to which industrial action might be ruled out in particular circumstances and... what can be done to guarantee—in all situations—the essential services."

Mr. Prior said he was "in a position to say that the role of the government's role was limited—indeed that neither government nor parliament could do the job of management and unions for them."

Mr. Prior's theme was how best to encourage change in industrial relations, while observing that the government's role was limited—indeed that neither government nor parliament could do the job of management and unions for them.

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The Rev Ian Paisley being arrested outside St Patrick's Cathedral in Armagh.

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## Denning ruling on Granada provokes press outcry

Continued from page 1

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## Print union threatens to step up action

By David Feldman

Leaders of the National Graphical Association (NGA) yesterday reaffirmed their determination to continue the provincial printing dispute and threatened to step up the action in some areas.

The dispute, now in its sixth week, has led to the closure of most provincial newspapers and a large part of the general printing industry after the employers imposed a national lockout.

The union's national council decided yesterday that general printing firms that were "sitting on the fence" could become legitimate targets for action. Those companies not involved in the lockout but which have not conceded the NGA's claim of the introduction of a 37½-hour week during the next year and a £30-a-week minimum earnings level.

The most prominent is the British Printing Corporation. Fears have been expressed that if the corporation was closed for any length of time, it might not be able to reopen.

NGA leaders are convinced, particularly in view of what they see as a collapse of morale among members of the general printing industry, that they can win the dispute. They also decided to continue a programme of sporadic disruption in Fleet Street.

Despite informal approaches from the Advisory Conciliation and Arbitration Service (Acas), the union is waiting for an official approach before it considers whether it is worthwhile attempting to reopen talks with the employers.

In response to the informal approaches, it is understood that the federation and the Newspaper Society, the other employers' organization, indicated their willingness to reopen talks, as did the three other main printing unions, but the NGA seems to be biding its time.

Flying pickets: NGA members from Oswestry and Chester were among a group of about 70 pickets outside offices of the North Wales Weekly News at Llandudno Junction yesterday (Our Llandudno Correspondent writes).

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## Mr Varley for state financing of ballots

By Donald MacIntyre

Labour's employment spokesman is in favour of retaining the Government's provision of state finance for secret union ballots despite the strong opposition of the TUC.

They are awaiting a detailed code of practice on the conditions attached to cash to union ballots and the response it receives from union leaders.

Mr. Eric Varley, chief opposition spokesman on employment, said yesterday: "I cannot see any great objection to accepting money to finance ballots."

That position cuts direct across that of the TUC Employment Policy, an Organization Committee, whose majority view is that state finance should be boycotted as part of general opposition to the Employment Bill.

Several senior union leaders have suggested that the clause could be the first step towards compulsory ballots or unacceptable conditions would be attached to the acceptance of state aid.

However, Mr. Varley told industrial correspondents yesterday: "We must have a majority view of the Government going to impose conditions."

He emphasized that the trades unions at present have no difficulty in accepting government money through the TUC to finance education and training.

The railwaysmen, compelled to ballot under the Industrial Relations Act, 1971, had overwhelmingly backed a strike in an unexpectedly hawkish mood on the trade unions, Mr. Varley made clear his view that "to have credibility" a future Labour administration would have to go to the polls with a incomes policy.

"I am in favour of facing unions with their great responsibility. They have had too easy an answer—Labour government in a sense."

On ballots, the shadow ministers have evidently noted that the Amalgamated Union of Engineering Workers' national committee last week effectively empowered their leaders to accept cash if they judged the proper safeguards existed.

By a Tory Government, not one elected by us but imposed on Wales by the prosperous voters of southern England. The eight-man committee behind the appeal makes no reference to the fact that more people in Wales voted Conservative at the last election than at any time since the war.

One of the organizers, Mr. Ioan Richards, a Plaid Cymru councillor, said yesterday that although they were again against the appeal, they were in agreement with the general campaign against holiday homes.

Last night Mr. Tom Hooson, Conservative MP for Brecon and Radnor, said: "Considering that arsonists have the support of a negligible minority of the Welsh people, it is appalling to see this campaign being started."

"It carries a strong whiff of the same sort of IRA appeal."

## Political status for Welsh arsonists is urged

From Tim Jones

A campaign to force the authorities to grant political status to arsonists, the result of arson attacks on holiday homes in Wales was launched yesterday.

The organizers, who include a Plaid Cymru community councillor, have sent letters to the Welsh community in America appealing for cash aid in their fight against "cheque-book arsonists" who destroy Welsh-speaking communities.

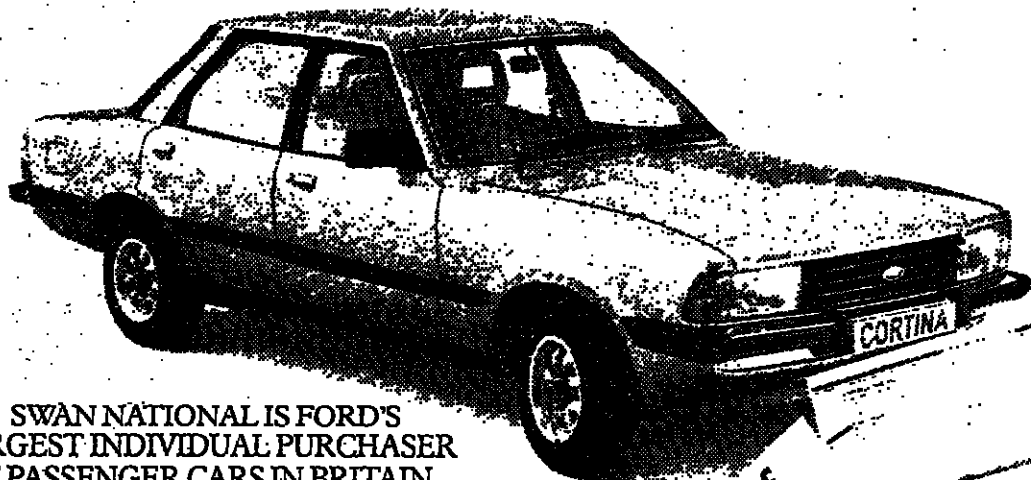
Justifying the arsonists, the organizers state: "All the elections, petitions, peaceful marches and pickets have not steered Wales away from the brink of disaster."

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# SWAN NATIONAL





## HOME NEWS

## Ballet, opera and racing narrowly escaped BBC cuts

By Ian Bradley

Any further changes to the BBC's planned expenditure during the next two years, which could come about as a result of continuing high inflation, will cause a serious reduction in both the quantity and the quality of the television and radio services.

A survey by *The Times* shows how narrowly the television service escaped serious cuts during the recent round of cuts in the BBC's 1980-82 spending plans, which were made in response to the Government's decision to raise the licence fee to £34 rather than the £40 requested. Although the overall reduction in planned spending was about 10 per cent, the two television networks survived with a cut of only 3 per cent. A cut of 5 per cent would have meant the end of all broadcasts of opera and ballet, either relayed from theatres or made in studios, and of the coverage of horse racing.

A cut of 10 per cent would have meant that BBC 2 would not have begun broadcasting until 8 pm, while a cut of 15 per cent would have meant the complete closure of that channel. In radio, which suffered a 5 per cent cut, any further reduction in expenditure would mean a significant shortening of the number of hours of broadcast. Already, irrespective of the latest round of cuts, serious consideration is being given to the merging of local radio with one of the four existing networks within the next few years.

The most likely development would be the creation of a home and local service and a national information network of news and current affairs to replace

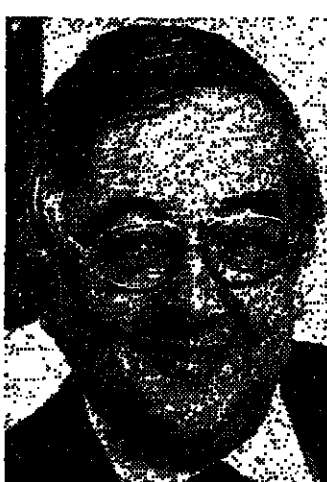
Radio 4, with two other networks between them taking over the present functions of Radios 1, 2 and 3.

The BBC is not totally confident that the recent round of cuts is the last that it will have to make before the licence fee comes up for renewal in July, 1982. The present expenditure plans are based on the assumption of an inflation rate of 10 per cent this year and 12 per cent next year. Already those figures are beginning to look optimistic.

Although the Association of Broadcasting and Allied Staffs has indicated the general acceptance of the 15 per cent pay increase offered by the BBC this year, there is still an outstanding claim for comparability with staff in independent television, some of whom earn 30 to 50 per cent more than the BBC counterparts. There is also a complicated grading dispute still to be finally resolved.

The economies announced by the governors last month totalled £130m. About £90m will be saved by deferring or dropping various capital developments in the next two years. They include new broadcasting centres in Edinburgh and Bangor, a new scenic workshop to serve Television Centre, London, and office accommodation in Bristol and Plymouth, and the provision of a mobile unit in Liverpool. Refurbishment of several buildings has also been postponed.

Projects that will go ahead include a new television studio at Television Centre, which will free the site scheduled to take current affairs studios, at present sited at Lime Grove, a new videotape area and an audience studio to replace the tele-



Mr. Aubrey Singer: 'Television under threat.'

vision theatre at Shepherds Bush.

The go-ahead has also been given for the signing of a lease on the site for a broadcasting centre in Newcastle upon Tyne. But no firm commitment has been made to build it.

The implications and effects of the remaining £40m cut in planned operating expenditure have been worked out in detail and are as follows: Network television: Cut of £12.7m (3 per cent) will be met by reducing certain layers of management in servicing departments and giving producers a 6 per cent increase in their budgets rather than 16 per cent originally planned. Mr. Alasdair Milne, managing director, television, says that there will be no programme losses this year, although there may have to be next year.

Network Radio: Cut of £4.1m (5 per cent). Advice service



Mr. Alasdair Milne: 'No programme losses this year.'

planned for Radio 1 in association with the Manpower Services Commission is scrapped. Radio 2 loses *Waggoners' Walk* from end of May. Radio 3 has closed down at 11.15 pm. Radio 4 comes off worst, losing one drama slot (Saturday Afternoon Theatre), and the 'Encore' edition of *Kaleidoscope*, taking *Inside Parliament* and continuing education on both long wave and VHF, and replacing expensive Wednesday evening features with phone-in series.

Miss Monica Simms, controller of Radio 4, says: 'If we had to take any further cuts, it would mean a reduction in our hours of broadcasting.' Mr. Aubrey Singer, managing director, radio, says: 'There has to be another round of cuts, they will have to fall on television.'

News division: £1.1m (3 per cent). Planned expansion of specialist correspondents at

home and overseas deferred. Details of other economies are still being worked out, but there is a commitment to maintain existing foreign correspondents if possible.

English-regional television: £2.2m (9 per cent). The board of management originally proposed to cut this area by 13 per cent, but the governors restored 20 of the 40 Tuesday evening opt-out programmes that were to have been ended. However late-night regional news bulletins will end and there will be less use of regional announcers and presentation staff.

Mr. Michael Alder, head of regional television, says: 'We are very relieved by the governors' decision, but I cannot see any significant development in the 1980s.'

Local radio: £2m (7 per cent). Overall, local radio is the one area in the BBC where there has been no cut, since the savings made by the 20 existing stations are being used to finance the development of new stations in Norfolk, Lincoln and, later, Cambridge, Northampton, Devon and Cornwall.

Existing stations will be on the air for a slightly shorter time and will have more sequence programmes and fewer 'built up' features and documentaries.

Scotland: £2.6m (7 per cent). Loss of BBC Scottish Symphony Orchestra, 25 per cent reduction in spending on schools and further education programmes. It had originally been decided to end all educational broadcasting in Scotland, but the governors have agreed to review the position in the autumn after consultation with local education authorities.

Wales: £1.8m (5 per cent). Helped by the Government's

wish to increase Welsh language broadcasting in 1982. There will be a reduction of about five hours a week in the output of both Radio Wales and Radio Cymru and fewer television output broadcasts.

Northern Ireland: £0.8m (5 per cent). Northern Ireland Orchestra disbanded, proposed increases in output of Radio Foyle and Radio Ulster deferred.

Engineering: £3.5m (15 per cent). Along with other servicing departments, taking the brunt of the cuts, although there are to be no economies in the transmission area.

The research department at Kingswood Warren and the training department at Wood Norton have been given more commercial targets and told they must raise more money from joint projects with industry and from overseas broadcasting organisations.

More equipment will be bought 'off the shelf' and less expensively modified to suit specific operational requirements.

Mr. Bryce McCricker, director of engineering, says: 'I can live with the savings I have had to make, but I cannot see how I could take on any further savings without sacrificing quality.'

Central services, personnel, public affairs and finance: £4.6m (15 per cent). Savings being made through increasing computerization and by a reduction in activities of supporting services such as audience research, publicity and information, international relations.

The three network production centres (Manchester, Birmingham and Bristol) are also making savings between them of £1.2m.

The cruel cuts, page 20

## Two latest transplant patients recovering

By Annabel Ferriman

Health Services Correspondent

Britain's latest heart transplant patients were recovering well yesterday in Harefield Hospital, Uxbridge, and Papworth Hospital, near Cambridge.

Mr. John Gardiner, aged 44, a sheet metal worker from Oxford, was given a new heart at Harefield Hospital in the early hours of yesterday morning. A few hours after Mr. Sidney Cash, aged 47, from Birmingham, was given a transplant at Papworth Hospital.

The latest transplants bring the total performed in Britain to 19. Nine have been carried out at Papworth and six at Harefield since the latest series began in January 1979.

The future of the cardiac unit at Harefield was discussed in an adjournment debate in the House of Commons early yesterday morning. Its future is uncertain because the London Health Planning Consortium's study group on cardiovascular surgery recommended in October, 1979, that its work be moved to other hospitals.

Mr. Michael Sherby, Conservative MP for Hillingdon, Ux-

bridge, said that if the unit was closed it would mean the break-up of a brilliant team which had gained an international reputation for its expertise.

He urged the Government to 'have regard to the excellence of the people at Harefield, rather than the desire of the planners for a neat and tidy plan'.

Sir George Young, Under-Secretary of State for Health, replying, said that the Government's view of the unit was that it could be shown that the results of such work merited the cost.

He reiterated the Government's view that only limited resources could be made available for heart transplants until it could be shown that the results of such work merited the cost.

The hospital said last night that the future of the unit was to be discussed by the North West Thames Regional Health Authority on June 2, but no decision was expected from the Government until the autumn.

The hospital had £200,000 through coffee mornings and discotheques for transplants.

## Students asked to reject cigarette sponsorship

By Our Health Services

Correspondent

Sir Douglas Black, president of the Royal College of Physicians, has written to the National Union of Students asking it to reconsider its decision to promote cigarette sales in student unions.

The NUS has negotiated a deal with Philip Morris, disclosed in the *Times* last week, whereby the cigarette company is allowed to promote Chesterfield cigarettes in student unions in return for providing posters for film clubs and running Chesterfield film nights.

Sir Douglas said in his letter to Mr. Trevor Phillips, retiring

president of the union: 'One of the chief arguments from the relatives of those who have been told their lungs or heart have been irreparably damaged by cigarettes is, "Why didn't someone tell us?"'

'We doctors are doing our best and are desperately anxious that young people should be made aware of the risks of smoking and we are convinced that any kind of tobacco sales promotion can only result in long-term harm.'

'I do earnestly hope that you and your council will reconsider this proposed sponsorship. If you do, I am certain that you will give leadership and encouragement to many.'

## Protest by Malaysian nurses

By Our Health Services

Correspondent

The number of Malaysian nurses coming to Britain may decline soon because of an Act just passed by the Malaysian Parliament which ends automatic registration for nurses trained in Britain.

Malaysian nurses, who number 4,000 in Britain, are the second largest group of overseas nurses in the health service. They are angry about the Act.

The Malaysian Nurses Society in the United Kingdom said that the society thought the Nurses (Amendment) Act, 1980 which amended the Nurses Act, 1950 was discriminatory. 'We are not against our Government coming to maintain an independent nursing standard; but we think it should not affect those nurses already here.'

She said that a survey that had been carried out in 1978 showed that four-fifths of Malaysian nurses in Britain wanted to go back after their training; but that if they did so now, their qualifications would not be automatically recognized.

Malaysia was short of trained nurses having only one nurse to 1,570 of the population.

## Patties joke leads to libel action

A well-intentioned piece of humour turned into a libel and wounding libel action, counsel told Mr. Justice O'Connor and a jury in the High Court yesterday.

Mr. Harry Boggs-Rolfe was appearing for Mr. Rex Charles Samuels and his wife, Torleche, who run Charles Tostles, a baker's shop in Seven Sisters Road, Tottenham, London. They claimed libel damages from the *West Indian World*, a newspaper, alleging that an article published in February, 1978, led to a big slump in their trade and that customers assumed it referred to their parties.

The newspaper's publishers, Leonard Publishing, of Stoke Newington, London, Argus Distribution, who distribute it, and EAWO Ltd, the printers, of Ipswich, Suffolk, deny libel.

It was alleged that the newspaper had given readers a warning to look before biting into Jamaican patties. 'It would be like biting from a door', it said. 'There has been a noticeable shortage of strays.'

Mr. Boggs-Rolfe said the article caused Mr. and Mrs. Samuels great distress as well as financial loss.

Mr. Samuels said in evidence that she first heard of the article when a customer asked if it was dog or cat in the patties that day.

The defendants conceded that there was no criticism of the patties, the Samuelses' shop. The article did not mention their shop.

Mr. John Price, for the defendants, said: 'The defendants' case is that this story came from an informant who rang up the paper and was taken to refer to a different supplier from Charles Tostles'. The newspaper had apologized, making it clear that Charles Tostles was not the shop referred to.

The hearing continues today.

## 17 airways staff accused of fraud

Seventeen British Airways staff have been arrested by Heathrow CID and charged with conspiring to defraud the airline by accepting cash for over-looking excess baggage payments, they will appear at Uxbridge Magistrates' Court on Monday.

They include check-in girls, supervisors and baggage handlers and were arrested in police raids during the past week.

symbol of the improvement was the tenants' association. Although it is still too early to determine whether the results were permanent, the police believe that crime has dropped.

In 1976 nearly half the adults interviewed noticed serious damage to shops, but by 1979 that fell to one in eight. The survey in 1976 placed vandalism as the estate's most serious difficulty. By 1979 that changed to 'employment'.

Community Planning Project: Canningham Road Improvement Scheme, Final Report (Barry Rose (Publishers) Ltd, Little London, Chichester, Sussex, PO19 1PC; £4.50, including postage and packing).

## Memorial to Yalta victims will go ahead

By Richard Ford

A memorial to Russians forcibly repatriated after the British Government between 1944 and 1947 is expected to be unveiled by the end of the year. The Yalta Victims Memorial Appeal has raised £4,000 and expects to raise a further £6,000 needed to pay for it.

The stone monument will be erected on Crown land opposite the Victoria and Albert Museum in Kensington, London. Mrs. Margaret Thatcher, the Prime Minister, overrode Foreign Office objections that Crown land should not be used for a monument implicitly critical of past government action.

An inscription, approved by Mrs. Thatcher, will be at the base of the monument, designed by Miss Angela Connor, the sculptor, and made of Hopron stone from Derbyshire.

It will read: 'This memorial was placed here by members of Parliament of all parties, and others, to commemorate the thousands of innocent men, women and children from Russia and other East European nations, who were imprisoned and died at the hands of communist governments after their repatriation at the conclusion of the Second World War.'

The memorial will be a sphere floating in water with three jets of water directed on to it. The sphere, Miss Connor said, represented the individuals and the three jets the great powers, Russia, the United States and Britain, which agreed at Yalta to the repatriation programme.

Most of the £4,000 received by the Yalta Victims Memorial Appeal has come in donations of less than £10. Sir Bernard Fraine, Conservative MP for Essex, South-East, and chairman of the appeal, said at a House of Commons press conference.

The appeal had received many letters from servicemen who had known a small part of what had happened, he said, but nothing from the Foreign Office officials involved in the policy.

'It was a sad story and we see the erection of the memorial as a victory for common sense over the bureaucracy', Sir Bernard said.

The monument will remind everyone of the sheer horror of what happened and will show we have made some public atonement for the deed.

The repatriation had been 'one of the worst and shameful episodes in our history'. About 2,500,000 people were sent back to Russia, half through British agencies; 7,000 passed through the United Kingdom, many stopping over in camps in Yorkshire.

Much of the increasing intervention by social services departments stems from the Maria Colwell case. Child abuse registers are now kept throughout the country and there are at least 50,000 children's names on these registers.

## Labour refuses control of Liverpool council

From Our Correspondent

Liverpool

Municipal government at Liverpool is again leaderless after the election results last Thursday which left the city council with Labour holding 40 seats, the Liberals 38, and the Conservatives 21, after all 99 seats had been contested.

Labour, although the largest party, refusing to take control and has rejected a Liberal suggestion for shared government, while the Tories are waiting for new suggestions.

The parties' positions became clear at the meeting of the council's committee of selection yesterday, which recommended the party representation on the various committees.

At the close of an acrimonious two hour meeting, Mrs. Doreen Jones, the Lord Mayor, who presided, was in tears. She had told the members: 'I have covered for all of you during the last year. But we are getting the worst name

outside the city because we have no settled council.'

It was decided the composition of the various committees should be: Labour 11, Liberals 10, Conservatives six. Labour governed last year on being allowed an extra seat at committee level, after a three-month hiatus, but that arrangement was rejected yesterday by the combined Liberal and Conservative vote.

Mr. John Hamilton, the Labour leader, said his group would not take office with such an allocation of party seats, because it lacked an overall majority.

Mr. Trevor Jones, the Liberal leader, said Liberals would decide on their course in the next few days. They were prepared to share responsibility with the other two parties and he made a direct appeal to Mr. Hamilton.

Mr. Hamilton replied that the Liberals had reneged in the past over agreements.

## Liner sails for New York without 200 passengers

From Michael Bailey

Shipping Correspondent

Southampton

Two hundred passengers had to be left behind when the liner Norway sailed for New York last night, because of plumbing deficiencies.

One hundred were Americans who had flown over for the cruise. They were offered refunds, compensation and a later cruise from Miami, Florida.

The Norway, the former liner France which was bought by Klostors, the Norwegian owners,

for £5m last year, sailed with 1,200 passengers who had joined her in Oslo.

5 Sand and mud entered the ship's salt-water system when her bow-thrusters were activated after a £450m conversion in Harlow, Essex.

Bremenhaven, West Germany. Waste water from cabins on two of the liner's 10 decks could not escape. That caused flooding and damage to her carpets.

The organizers of the cruise, the Norwegian Caribbean Line, said that questions of blame and compensation had to be settled.

The tribunal found each guilty of conduct unbecoming a solicitor. Lapses by Mr. Taylor, a solicitor since 1967, were completely out of character and higher than those started by pressures on him after the sudden death of his first wife.

## Striking drivers cleared of patient's death

From Our Correspondent

Portsmouth

An inquiry into the death of a hospital patient during last winter's strike by members of the National Union of Public Employees cleared striking ambulance drivers of blame.

Hampshire Area Health Authority carried out the inquiry after allegations by Dr. Colin Jones, a consultant at the Royal Portsmouth Hospital, who said that ambulance drivers risked a patient's life by refusing a request to transfer him to the nearest unit 20 miles away at Southampton.

But the report establishes that no request was made. It concludes: 'The patient's life was not put at any risk by the actions of the ambulance drivers' industrial action'.

## Three solicitors ordered to be struck off

The Solicitors' Disciplinary Tribunal in London today ordered that the names of three solicitors be struck off the roll.

They are: Mr. Frederick Frank, of Bloomsbury Road, Bath; Mr. James Skidmore, formerly of Nantwich Road, Crewe, Cheshire, and later of Moor House, Alsager, Stoke-on-Trent; and Mr. Peter James Lindley, of Bwth Farm, New Brighton, Minerva, Wrexham, Clwyd. Each has 14 days in which to lodge notice of appeal against the orders.

The tribunal found each guilty of conduct unbecoming a solicitor. Lapses by Mr. Taylor, a solicitor since 1967, were completely out of character and higher than those started by pressures on him after the sudden death of his first wife.

## 'Mini-prisons' for children attacked

By Lucy Hodges

The state has too great a power to take children into care, to deny parents access to their children and to keep the whereabouts of children from their parents, the authors of a book published today state.

The book, written by a barrister, two academics and a social worker, puts forward a strong case for parents' and children's rights. Under present law a magistrate can authorize the removal of a child from its parents for up to 28 days on the word of a social worker, with no right of appeal, the book says.

Much of the increasing intervention by social services departments stems from the Maria Colwell case. Child abuse registers are now kept throughout the country and there are at least 50,000 children's names on these registers.

Yet 90 per cent of the parents never know that registration has taken place', the authors say. 'Even more frightening is the increasing number of children circulating through the care system into secure units which some have called "mini-prisons". Some of these children have either committed a minor offence or no offence at all, yet they can remain in these secure units until they are 18. This is because the present law and court systems allow the deprivation of a child to be dealt with in the same way.'

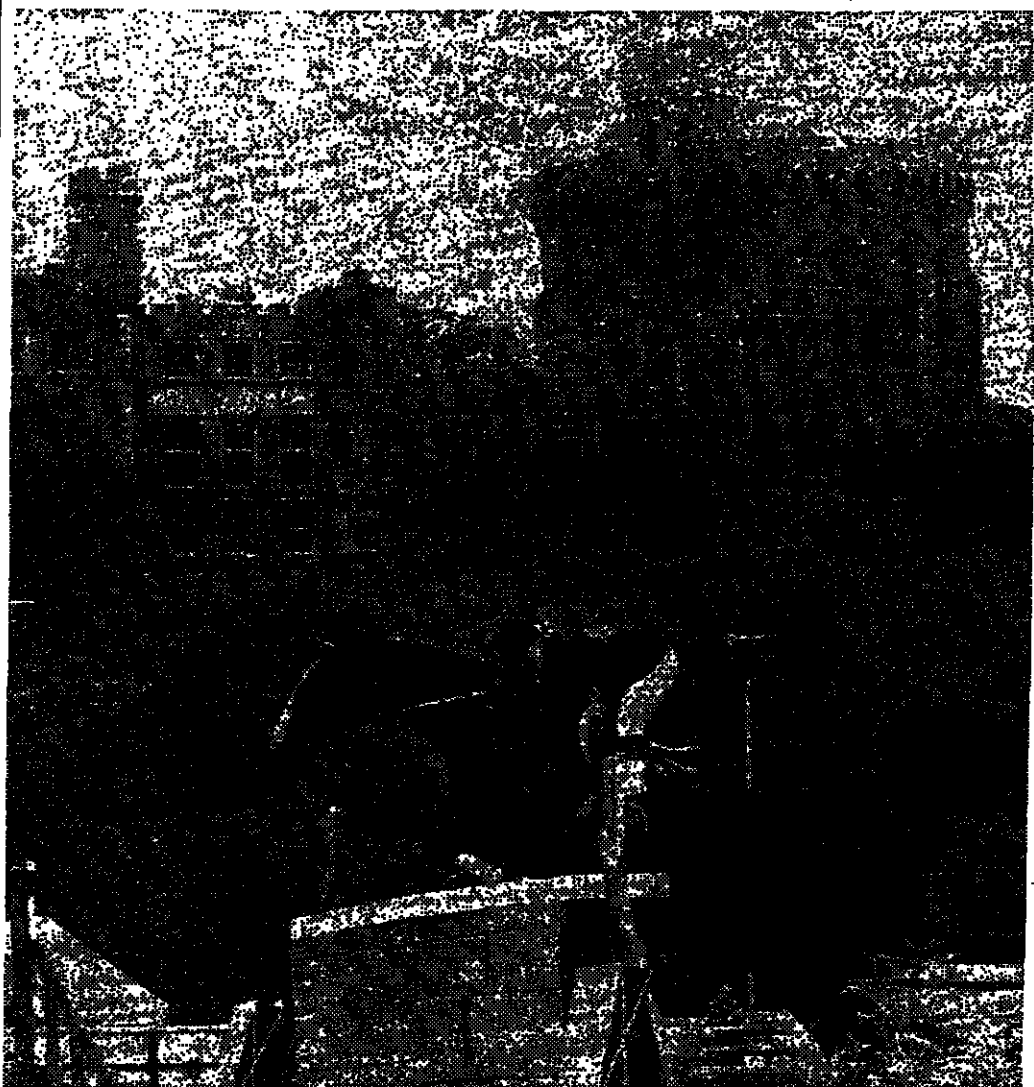
The book has grown out of an organization founded two and a half years ago, called Justice for Children, which became disturbed about the juvenile justice and child care systems. Yesterday Mr. Hugh Geach, a social worker and chairman of the group, said a frightening and dangerous situation existed in which more

children were in care and more children locked up than ever before.

'You can protect a child from a negligent parent by taking him into care but you cannot protect him from a negligent social worker once he is in care', he said.

The book is also concerned about the juvenile court system in which children who have committed offences and children who have been abused by their parents are dealt with together. The authors recommend a family court to deal with the latter category of civil cases, and a juvenile crime court to deal with offenders. They also recommend that more children, those who have committed juvenile offences be dealt with outside the courts.

Justice for Children (by Allison Morris, Henri Giller, Elizabeth Seward and Hugh Geach, Macmillan Press, £3.95).



Kilkellen, owned and ridden by Miss M. Orzazewska, of Stroud, Gloucestershire, jumping in the Calor Gas International Stakes at the Royal Windsor Horse Show yesterday.

## Broadmoor man can sue union officials

A patient at Broadmoor

special security mental hospital was given leave by the House of Lords today to sue union officials whose members are blocking his transfer to a local psychiatric hospital near his home.

An appeal committee of three Law Lords, headed by Lord Dilhorne, refused Mr. Colin Robinson and Mr. Thomas Harver, officials of the Confederation of Health Service Employees (Cohse) leave to challenge a Court of Appeal decision in favour of the patient, Mr. John Ashingdane, aged 49.

The Court of Appeal ruled that the two branch officials of Cohse were not protected from legal proceedings by the Mental Health Act.

Nurses who are members of Cohse at Oakwood Hospital, Maidstone, Kent, have for several years opposed the admission to Oakwood of any patient subject to a restriction order made under the Mental Health Act.

They claim they are acting in the interests of all patients because there are insufficient facilities at Oakwood to look after restriction order cases.

Mr. Ashingdane, who was convicted at Rochester in 1970 of dangerous driving and four offences under the Firearms Act, is now considered suitable for transfer to Oakwood.

He has issued writs against the union officials and their members seeking a declaration that they were acting unlawfully and an injunction restraining them from causing the Department of Health and Kent Area Health Authority refusing him admission to Oakwood.

## Strathclyde opposes benefit reforms

By Our Social Services

Correspondent

The Strathclyde Regional Council's Social Work Committee decided yesterday to seek substantial changes in the proposed government reform of the supplementary benefits system, which it believes will cause hardship in the region.

The committee reaffirmed its policy that its power to help the poor would not be used to replace income previously provided by the Government. Strathclyde is Scotland's biggest region, and contains its poorest areas.

The committee was concerned at the combined effects of the government's two social security Bills, going through Parliament. Reports to the committee suggested that the combined income loss from the two Bills for pensioners, the unemployed and other social security claimants could reach £100m a year by 1984.

The committee decided to recommend that representations should be made to the Government at the highest level to change the Bills.

## Cabinet retracts pledge on pensioners' earnings

By Pat Healy

Social Services Correspondent

The Government yesterday retracted from its pledge to abolish the pensioners' earnings rule within the life of this Parliament although new estimates show the cost of doing so has dropped substantially.

Mr. Patrick Jenkin, Secretary of State for Social Services, told the Standing Committee on the Social Security (No. 2) Bill that revised estimates showed that the cost of abolishing the rule was now £110m, compared with £170m estimated by the previous Government. But after offsetting extra revenue from tax and national insurance contributions, the net figure would be £55m.

Mr. Jenkin told the committee that the Government intended to abolish the rule 'when economic circumstances permit'.

Mr. Stanley Orme, Labour spokesman on social services, described Mr. Jenkin's statement as 'another victory for the Treasury'. Mr. Jenkin, he said, was running away from a manifesto commitment.

## London to try Widnes cure for vandalism

By Craig Serou

An experimental project to combat crime and vandalism on a council housing estate in Widnes, Cheshire, has produced such good results over three years that it is being extended to similar estates in London.

The scheme, at the Canningham Road estate, has substantially reduced noticeable damage to shops and housing and has enabled the area to shed a good deal of its image as run-down and vandalized.

The Widnes scheme involved finding out what the local people wanted, implementing their recommendations and drawing conclusions from the results.

The report says: 'There

The Care and Resettlement of Offenders (Nacro) and Social and Community Planning Research, which published a report of their findings earlier this week.

Nacro said that it was carrying out similar projects in Lambeth and Acton in London and that the Greater London Council had agreed to give it grants of £50,000 a year for three years to conduct the same experiment on at least six of its estates, and possibly as many as 20.

The scheme involved finding out what the local people wanted, implementing their recommendations and drawing conclusions from the results.

The report says: 'There

MAGAZINE





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## HOME NEWS

## Mr Whitelaw gives his approval for the introduction of a citizens' band radio system

By Kenneth Gosling  
Citizens' band radio, the system by which members of the public can communicate with one another is to be introduced into Britain, but by another name—Open Channel. That was announced in the Commons yesterday by Mr William Whitelaw, Home Secretary, in a written reply to Mr Patrick Wall, Conservative MP for Halesowen.

He said that a discussion document on Open Channel will be published in the next few weeks to give the public a chance to consider the implications and to express their views.

Mr Whitelaw said the scheme he was considering differed from that advocated by those whose ideas were based on experience of other countries. It would take some time to introduce. Further work was necessary to establish

a precise frequency band and an appropriate technical specification.

His statement, a year after an all-party committee was set up to examine the matter, received a guarded welcome from the radio lobby. The campaign has gathered momentum but it has been said frequently that any development would not be on 27.29 MHz since those frequencies are used in the main for hospital paging and model aircraft.

Mr Richard Town, technical adviser to the parliamentary working party, representing the National Committee for the Legalization of CB Radio, said the acceptance by the Government of the principle of CB radio proved the point of the campaign which was that CB radio saved lives and helped people in general.

Mr Town said the campaigners wanted to break what he called the bureaucratic stranglehold on the airwaves. He was disappointed that Mr Whitelaw had not seen the timetable for legislation. There was a tangle in the existing legislation which, while it outlawed illegal transmitters and their importation did not outlaw their sale in Britain.

Illegal transmitters were being sold openly, with an estimated 10,000 users in Greater London and 50,000 in 60,000 nationally. Those transmitters would be useless when legislation took effect because the waveband now used would be inappropriate.

"We are looking for speedy action with regard to the publication of a specification," he said. "British industry is ready, willing and capable of producing the goods."

## Southall an anti-police incident, officer says

By Nicholas Timmins  
Ten officers of the special patrol group gave evidence yesterday at the inquest at Brompton on the death of a New Zealand-born teacher, who died from injuries received in the demonstration against the National Front at Southall, London, last April.

None of the officers, most of whom reached the bottom of Beechcroft Avenue during a charge against the demonstrators, spoke of seeing anyone hit. About 20 more officers are to give evidence.

Earlier witnesses had told the jury that many people were hit by the police with truncheons during the charge.

Those policemen who remained with their Transit vans in the Broadway or in the mouth of the road, opposite Beechcroft Avenue, did not recall seeing Mr Harry Tait, a student, who earlier told the inquest that he was temporarily put in a police Transit van, with his head streaming with blood, after being hit by a policeman at the bottom of Beechcroft Avenue. Mr Tait said a policeman who appeared to be unconscious was also in the van.

Sergeant Peter Winman, of the No 3 unit of the special patrol group, said that police officers would restrain their feelings, despite the injury to Police Constable John Murray, who had his jaw broken when he was hit in the face by a brick. They would have to restrain them, he said. P. C. Murray was put in a police Transit van.

Sergeant Paul Galpin said: "I have been on cordons where there has been pushing and shoving. This is the first experience of such a violent anti-police demonstration. I say this to me exactly what it was. The meeting of the National Front was some hundreds of yards away in the main road."

Sergeant Galpin said that a shower of bricks and other missiles was thrown at the police who took shelter behind riot shields. He agreed in answer to questions from Mr Richard Harvey, for the Anti-Nazi League, that feelings among the police might have been running high after the injury.

It was a "possibility" that some officers in the charge down Beechcroft Avenue might have let their feelings get the better of them.

The hearing continues today.

## BBC raises offer to music funds

By Our Arts Reporter  
An offer by the BBC to increase the amount it proposes to make available to music funds in areas where orchestras are to be disbanded has been made to the Musicians' Union.

The BBC said yesterday that after recent discussions it was willing to increase the value of each contribution so that it would be worth £100,000. That means that the amount for Scotland, Northern Ireland and the Midlands would go up by £20,000 and that for Manchester by £40,000. The total amount being offered is £400,000.

A meeting is to be held early next month, sponsored by East Kilbride District Council, to try to attract Scottish sponsors for the BBC Scottish Symphony Orchestra. The council's rescue operation has involved sending out 1,000 invitations to the meeting.

The Scottish Building Society has invited people to transfer their funds to the society and in the expectation of business worth £2m has said that £200,000 will go to the orchestra's funds. East Kilbride council has promised to pay a third of the £550,000 annual sum needed to run the orchestra.

## LSE increases intake of foreign students

By Diana Geddes  
Education Correspondent  
After a world-wide recruitment drive, the London School of Economics announced yesterday that it expects to increase its intake of overseas students this year, despite the introduction of the new "full-cost" fees.

At the same time, the school officially launched its £2m appeal for the "LSE 1980 fund" to provide financial assistance over the next 10 years to about a thousand students. British and foreign, who would not otherwise be able to attend the school.

About £650,000 has already been promised. Two former members of the LSE staff who have won Nobel Prizes in Economics, Professor James Meade and Professor Friedrich von Hayek, have each given £100,000.

Members of the LSE academic staff have given more than £50,000. The largest single donation so far, £25,000, has been made by Dr David Rockefeller, a former LSE student. Other gifts from overseas have come from Fiat, Mitsui, Mitsubishi Corporation and Deutsche Bank.

At a press conference in London yesterday, Professor Ralfarendorf, director of the LSE, said that Government policies endangered the international tradition and the re-

search contribution of the school which intended to meet that challenge.

The Government's policy on overseas students meant that by 1982-83 the school would have its revenue cut by 35 per cent, corresponding to the proportion of overseas students in its total student body of 3,800.

Even if the school managed to maintain its present number of overseas students and charged them the new minimum annual fee recommended by the Government of £2,000, the school would still stand to lose £800,000 in the coming academic year because the actual "full-cost" was nearly £3,000, he said.

The school needed an extra 400 overseas students over and above last year's intake of 900 to make up for the deficit. As a result of the school's big publicity campaign it looked as if it would increase its overseas intake this autumn by 200 to 300.

He emphasized that the measure adopted by the school to maximize its income by charging a fee would cause the staff-student ratio to drop from 1:11 to 1:13. He intended only as a stop-gap action that would give the school a breathing space so that it could consider what its long-term approach should be.

Business Diary, page 27

## Commission proposes 200 changes in Scots law

From Ronald Faux  
Edinburgh  
Broad changes in legal aid, conveyancing and divorce procedures have been proposed by the Royal Commission on Legal Services in Scotland, in a report published yesterday.

The commission, headed by Lord Hughes, put forward more than 200 proposed improvements to the Scottish legal system. Some differ from the recommendations made by the Benson committee for the English legal system.

The Scottish commission was set up in 1976 to examine the provision of legal services, the way the profession was organized, and how lawyers were paid, and their monopoly in conveyancing.

The commission said that the present separate legal aid and assistance scheme in Scotland should be replaced by a new integrated civil legal aid scheme administered not by the Law Society but by the Legal Services Commission. Legal aid in civil matters, the report said, should be available to any citizen to help him to assert or defend a legal right, should not be confined to conveyancing transactions, or advice on tax planning. Civil legal aid should be awarded by solicitors. That could save up to £1m a year in administrative costs.

For criminal legal aid, all accused persons should be entitled to initial legal advice on how to plead. That would not be in every case be without payment. In more serious cases further legal aid should be available at low cost by payment towards the cost of their defence.

The commission believed there should be an experiment to assess the merits of a separate public defender service, which would run in parallel with criminal legal aid.

The commission said lawyers should not retain their exclusive right to undertake domestic conveyancing for a fee. Those who belonged to other appropriate bodies and who met certain standards should also be able to do domestic conveyancing work.

After the registration of title had been introduced throughout Scotland the possibility of a simplified conveyancing system provided at a low cost by the state should also be looked at. Documents used in conveyancing should be simplified and written as far as possible in plain language, the report said.

Divorce actions should be heard in sheriff courts instead of the Court of Session. Under-

fended divorces should proceed on written evidence completed by those seeking them. Full legal aid should not be granted. Defended divorces should be heard in private and new arrangements introduced to safeguard children.

The commission thought that Parliament should review the grounds for divorce based on separation, possibly moving to a two-year period with or without consent. Lord Hughes said yesterday in Edinburgh that 75 per cent of the money spent on civil legal aid went on divorce, and recent figures showed that 1,000 divorces were granted in Scotland last year. The cost was still about £3m.

The commission said that lawyers' fees should be calculated from a record of time spent on a client's work. That would ensure that each fee was fair to each client and would encourage competition and efficiency.

In the short term, scale fees might have to be retained, but those scales should not be mandatory. They should instead prescribe maximum charges. Solicitors' fees should be approved of a new independent legal fees body. That body should take over from the judges of the Court of Session the duty of fixing court fees.

A new committee of legal affairs for Scotland was also recommended. That committee, said, should be in the day-to-day charge of a senior minister, and be responsible for all Scottish legal affairs with the exception of the Lord Advocate's functions as legal adviser to the Government and prosecutor of crime.

The Law Society of Scotland yesterday welcomed many of the recommendations but was concerned about whether those most in the public interest might not be implemented because of their cost. Among its reservations, the society thought it was anomalous that the commission should recommend that the administration of legal aid be placed in the hands of a quango.

The expense of establishing and running a legal services commission could well exceed the administrative costs of the Legal Aid Centre Committee.

The society strongly deprecated the recommendation that domestic conveyancing should no longer be monopolized by the legal profession. It was wrong to believe that conveyancing was easy, and the society believed standards could be less than those presently found in the legal profession. They also objected to having fees calculated according to time spent.

## Call for roles of colleges to be named

By Our Education Correspondent  
A call to the Government to make a new policy statement defining the roles of all institutions of higher education outside the universities sector, was made yesterday by the Standing Conference of Principals and Directors of Colleges and Institutes in Higher Education.

In its evidence to the Commons select committee on education, science and the arts, the standing conference said that a number of colleges and institutes had developed in such a way that they were now indistinguishable in size and in the range of their advanced work from the polytechnics although they tended to serve different geographical areas.

The directors of the polytechnics were calling for the removal of the distinction between local authority control. They were also reported as seeing "no role for other colleges and institutes of higher education."

Such a policy, if implemented, would be contrary to both local and national interests, the standing conference said. It could result in the remaining colleges and institutes having to bear the brunt of public expenditure cuts and of the reduced demand for higher education.

The standing conference called for the establishment of a national body to make more effective arrangements for higher education throughout the public sector.

## Fifth Heathrow terminal is proposed

By Our Air Correspondent  
A fifth terminal on the Perry Oaks site at the west end of Heathrow airport, London, was advocated in a Bow Group paper, *Airports: A Programme for the Eighties*, published yesterday.

Heathrow must be able to cater for all those who sought to use it, if the United Kingdom was to maintain its present position as an international hub for air travel, the paper said.

"An airport will only remain the biggest if it is also the best. At present, as the British Airports Authority never tires of pointing out, Heathrow handles the largest volume of international traffic of any airport in the world.

For many exhausted passengers faced with the horrors of terminal three, this claim is about as relevant as a claim that Heathrow is the biggest aspidochron in the world."

The paper also proposed that Stansted should not be developed into London's third airport, and that the British Airports Authority should be dismantled and denationalized, with separate companies operating each airport.

In a comment on the paper, the British Airports Authority said last night: "This appears to be a document which contains little beyond a collection of well-worn arguments propped up by half-digested facts and naive conclusions."

*Airports: A Programme for the Eighties* (Publications Ltd, 240 High Holborn, London, WC1, £2).

## Man dies, two missing as fishing boat vanishes

From Our Correspondent  
Carlisle  
The disappearance of a 26ft fishing boat was baffling rescuers yesterday. The Osprey, a converted lifeboat, vanished in a storm off the coast of the Solway Firth area of the Irish Sea.

A search was launched when the boat, with three men aboard, failed to return to Maryport, Cumbria. A flotilla of vessels and an RAF helicopter searched, rescuers found two lifejackets in the sea off Workington.

Later the body of Mr George Broadley, aged 40, a publican of the Golden Lion Hotel, Maryport, was discovered off Maryport by the crew of the fisheries protection vessel, Solway Protector. The search was called off in the late afternoon.

The missing men were named as Mr Nicholas Renac, aged 20, Mr Bradley's nephew, and Mr George Bates, aged 27, a policeman, both from Maryport.

A coastguard said: "It is very strange. The weather was calm there have been no winds."

## Boy being treated with rare drug improves

The boy flown from his home in Northern Ireland to Scotland for cancer treatment has improved since his arrival in Glasgow, the specialist treating him said yesterday.

Dr Thomas McAllister, a bacteriologist, said Fergal O'Hare, aged 14, from Co Fermanagh, had been given a psychological boost since treatment had begun. But it was too early to say whether the result would be successful.

"He is still very seriously ill but his mind is with us, which is not at all easy to do," Dr McAllister said.

"He has asked for coffee, an ice lolly and to be allowed to sit by his bed. That is something," the doctor said.

## Jews in Britain moving to right academic says

The Jewish electorate in Britain had undergone "a realignment" to the right since 1945, a leading Jewish academic said yesterday.

Dr Geoffrey Alderman, a member of the research committee of the Board of Deputies, in a lecture at Royal Holloway College, Egham, Surrey, said that even in working-class areas, where Jewish support for Labour had once been high, the 1970s had seen the national political focus for the majority of Jews in Britain.

His lecture was based on an analysis of Jewish voters in the Hackney North, Hendon North and Ilford North parliamentary constituencies.

## WEST EUROPE

## Envoy turns teacher to explain Britain's position

## Sir Reginald gives a breakfast lesson on budget to French

From Ian Murray  
Paris, May 7  
Sir Reginald Hibbert, KCMG, Her Britannic Majesty's Ambassador Extraordinary and Plenipotentiary in Paris, had a very continental breakfast this morning, devouring coffee, croissants and equal relief.

Sir Reginald was the guest of the French Diplomatic Press Association and such is the curiosity here to find out why Britain is being so obstinate about the EEC budget that more than 20 journalists got up early to try to catch him out.

The questions came to him in the form of the familiar French arguments that Britain had joined club knowing the rules and should stick by them; that Britain was refusing to implement an EEC preference; and that Britain was seeking to renegotiate terms of entry. The ambassador had heard all the arguments before and knew the answers off pat.

With the "infinite patience" he said was a necessary attribute of diplomacy, he explained again that Britain had foreseen the budget difficulties when it negotiated entry. That was why a sentence had been written in the treaty stating that if the terms became "unacceptable" remedial steps could be taken.

Britain had become unacceptable, as Britain had predicted, and that was why it was seeking a lasting remedy. If Britain had accepted the offer made at Luxembourg the problem would have arisen again. The first to accuse Britain of seeking renegotiation was again.

Like a patient schoolmaster, Sir Reginald said that the main problem was that 79 per cent of the budget was being spent on agriculture and that Britain could not benefit from it.

"The budget has become an instrument with which to take



Sir Reginald: "Infinite patience."

the resources of England and direct them towards the other countries," he said. Sir Reginald's French pupils whistled in disbelief at this. "It certainly is," he said. "It is a question of economic divergence and what we want to do is correct this divergence, which is a nuisance both for us and for the Community."

He was as astonished as his pupils had been by his lesson to discover that they were labouring under the misconception that Britain was not honouring its treaty commitment to buy according to community preference.

He supported his astonishment with figures that an embassy aide happened to have with him. They showed that while Britain had increased its buying within the Community by more than 6 per cent between 1972 and 1978, France had reduced its buying within the Community in the same period by more than 4 per cent. When it came to agricultural prices, Sir Reginald was again surprised, because his pupils

thought that Britain had refused to accept a proposed increase of 5 per cent. In fact, he said, eight countries had agreed on the rise and none had refused to accept it.

What had happened was that Britain, seeking to comply with French wishes to link the various dossiers under discussion, had been unable to approve the agricultural price rise. The French wanted so badly until the budget issue had been resolved. It was perhaps unfortunate, he admitted, but it did show that Britain was not alone in seeking something.

His pupils were eager to unravel the mystery of why Britain had declined so generous an offer at Luxembourg. Sir Reginald was not over-helpful. He agreed that the money side of the issue could have been settled by the offer, but only if it had been available for longer.

For reasons he qualified as "incomprehensible" Britain's partners had found that it was acceptable to offer the money for two years but had decided that to extend that to three years would violate Community principles.

Perhaps, he said understandingly, the problem was that the heads of state were simply unable to sort out the details at the end of a long and tiring day.

Demonstrating the present French difficulty in international affairs in differentiating between the United States and Britain, one of the questioners wondered whether the offer made to Britain at Luxembourg had been "regarded as a victory by Mrs Carter." Sir Reginald laughed benignly at the slip. "It was a victory for reason," he said.

However early the diplomatic press had risen for their breakfast, it was clear that they would have to get up even earlier to catch Sir Reginald out.

## Bonn stands firm on EEC budget

From Patricia Clough  
Bonn, May 7  
West Germany is not prepared "under any circumstances" to increase its offer in order to reach a compromise in the dispute over Britain's European Community budget contributions, Herr Hans-Dietrich Genscher, the Foreign Minister, said last night.

Herr Genscher told *The Times* he was "no longer sure" that his Government was even willing to repeat its huge offer of DM1,250m (about £312m) in order to help reduce Britain's burden.

The sum offered by Herr Helmut Schmidt, the West German Chancellor, in Luxembourg last week was twice the amount approved by his Cabinet for the purpose. Herr Schmidt's compromise proposal was rejected because it would run for one year instead of three as Mrs Margaret Thatcher wanted. To say the Chancellor was irritated "would be putting it politely," a Government spokesman said.

Although the failure to agree on the budget issue was a serious setback to the West German's dreams of a harmonious Community acting as one on the international politics, Herr Genscher was more relaxed. "I am not angry," he said. "But it is important that it is realized in Britain how far its partners have gone to reach a solution, further than we intended. Britain should now think it over."

Asked what he thought a compromise was possible he said: "It has got to be possible. All partners must make an effort."

It is essential that in these difficult times Europe is *Handlungsfähig*—capable of acting together."



A pair of meercats at Frankfurt zoo take advantage of a heat lamp during a cold weather spell.

## Customs men block Swiss frontier

From Our Own Correspondent  
Paris, May 7  
French customs officers were called out today to block the entire border between Switzerland and France for an hour. The same operation is due to be mounted during the next two days for 30-minute periods. More severe measures are being prepared.

The action is an attempt to bring pressure on the Swiss authorities to release two plainclothes officers who were arrested in Basel on April 15. M. Bernard Rof and M. Pierre Schulz have been held in separate prisons. Only one has been allowed to see a lawyer.

According to M. Alain Mauder, spokesman for all five of the customs unions, the men were arrested when they went to meet an informant who had promised to give them information about tax fraud. Instead of meeting the informant, he said, they had fallen into a trap set by the Swiss authorities.

The unions have made representations to the Swiss ambassador in Paris and M. Maurice de Mauder, Minister of the Budget, but, according to M. Mauder, there has been a little action that they cannot be certain of "the total support of the Government for the two officers arrested while they were doing their duty."

French customs officers are convinced that the Swiss are trying to trap M. Rof for some time. He has been particularly successful at collecting details of Swiss bank accounts to open secret accounts, trying to avoid paying taxes.

Last month a known Swiss informant told M. Rof that he could provide a list relating to accounts at the Union de Banques Suisses, the third largest bank in the world. With M. Schulz as interpreter he went to Basel.

French customs officers on the Swiss border are always on the look-out for people trying to cross with money or jewels to open secret accounts, but it is known that at least half of the time they fail to catch any one. Inquiry officers like M. Rof are therefore used to track down evidence of secret accounts opened to avoid paying taxes.

The Swiss authorities, who are concerned to keep intact their reputation for bank secrecy, are not prepared to help in the inquiries, which are legally proscribed. It was for allegedly breaking this law that the customs officers were arrested.

## Reprisal raid kills man in Spanish bar

From Harry Debelius  
Madrid, May 7  
Right-wing extremists shot dead one man and seriously wounded three others in a raid on a bar in a working class district of Madrid, spokesman for the Madrid Civil Governor's Office said here today.

The incident occurred last night after leftists allegedly daubed with paint a memorial to Franco's civil war dead in protest against the fatal stabbing of a communist here last week, presumably by a right-wing activist.

Soon after the painters went into a bar near the "Cross of the Fallen" at the intersection of Alcalá and Arturo Soria streets, a gang of young men armed with pistols, bicycle chains, knives and other weapons attacked the bar, assaulting everyone in sight and wrecking furniture.

Witnesses said the youths, who chanted "Long live Christ the King" and other slogans of the ultra right, were led by a middle-aged man who shouted: "We'll kill all of you."

The national serviceman who died of two bullet wounds. The others were taken to hospital for injuries caused by bullets.

Some of the bar customers escaped into a back room and barricaded themselves behind a locked door while the battle continued in the bar area. After attacking people inside, the youths beat up others who were seated at tables on an adjoining terrace.

Police identified the dead man as Juan Carlos García Pérez, aged 20.

In another development, a special parliamentary sub-committee, investigating claims of police brutality yesterday heard the testimony of six suspected members of the political-military wing of the Basque separatist movement ETA who are awaiting trial at Garabanchel prison in the capital.

## The Eight put off farm price defiance

From Michael Hornsby  
Brussels, May 7  
Britain's EEC partners have put off for the time being at least, any thought of trying to enforce EEC farm price increases in defiance of a British veto and thus rob Mrs Margaret Thatcher of her triumph in the dispute over contributions to the Community budget.

The possibility of by-passing Britain was raised by M. Pierre Méhaignerie, the French Agriculture Minister, with other members of the EEC last night. The West German's, whose support would

be essential for any move of this kind, said a British veto could not be ignored.

In a statement to French journalists, M. Méhaignerie said that France would continue to "look for Community solutions" over the next two weeks, but he added: "In no circumstances will we allow the end of May to go by without application of the Luxembourg decisions."

This was a reference to the 5 per cent farm price increase, and related measures, agreed by eight member-states last month in Luxembourg on the eve of the EEC summit meeting at which Mrs Thatcher

rejected as inadequate the reductions proposed in Britain's budget contribution.

M. Méhaignerie declined to explain how the Luxembourg package could be enforced in the absence of Community agreement.

Green currencies devalued: French and Italian farmers will benefit from devaluations in the "green currencies" used to calculate their farm prices, of 1.35 per cent for France and 3.5 per cent for Italy.

Milk and beef producers in both countries and pig-breeders in Italy will get price increases from next Monday—Reuters.

## Token sentences in Spanish conspiracy case

From Our Correspondent  
Madrid, May 7  
A military court passed token prison sentences here today in the case of two police officials accused of conspiring to overthrow the Spanish Government.

The sentences—seven months for Lieutenant-Colonel Antonio Tejedor Molina, of the paramilitary Civil Guard, and six months and one day for Captain Ricardo Sáenz de Yuste, of the national police—mean that the officers will probably be set free since the time they had spent in pre-trial detention is deductible from their sentences.

The sentences must be confirmed by higher military authority to become binding.

## Terrorists renew attacks in Italy

From John Earle  
Rome, May 7  
The wounding of four people last night has shattered any illusion that with their recent operations against the Red Brigades the Italian authorities are near to eliminating political terrorism.

One victim in Milan was Signor Guido Passalacqua, a reporter with the daily newspaper *La Repubblica*; the other three, in Rome, were Signor Pericle Pirri, a government official responsible for employment exchanges in the Lupa region; and two night watchmen employed by a private security service.

The night watchmen were attacked and wounded, one seriously, by four gunmen on the Aventine Hill last night. Later a telephone call to a

newspaper said it was the work of a little known organization called the Armed and Organized Proletarian Group.

The Red Brigades claimed responsibility for the other two attacks, in which both victims were shot in the kneecaps. Signor Pirri, aged 37, had just left his home in a Rome suburb to catch a bus to his office at 7.15 am when he was faced by two youths, who fired at least nine shots. He was taken to hospital, where he was operated on.

Signor Passalacqua, who specializes in reporting terrorism, yesterday received a Red Brigades warning letter through the post. A three-man group, as plain clothes police, gained admittance to Signor Passalacqua's flat on the fifth floor. The reporter was

preparing to leave on an assignment. The terrorists bound both the porter at the flats and Signor Passalacqua. One pulled out a revolver with a silencer and fired at the journalist, while the others sprayed slogans on the walls including the Red Brigades five-pointed star.

Signor Passalacqua, who was shot four times at his knees, but two shots missed.

The incident marks a return to the Red Brigades' tactics of attacking journalists who have written or published about such victims have been Signor Carlo Cacciatore, the deputy editor of the Turin daily *La Stampa*, who was killed, and Signor Indro Montanelli, editor of the Milan *Il Giornale*, who was shot in the kneecaps.



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Hot towels			✓	✓
Armchair comfort and luxury ambience				✓
Guaranteed seat		✓	✓	✓
Immediate booking facility			✓	✓
Advance booking facility		✓	✓	✓
Ability to change or cancel reservation			✓	✓

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## OVERSEAS

## Senator Kennedy determined to fight on to the bitter end despite humiliating poll defeats

From David Cross  
Washington, May 7

In spite of yet more humiliating defeats in three of yesterday's four primary elections, Senator Edward Kennedy and Mr George Bush have reiterated their determination to stay in the race for their parties' presidential nominations until a bitter end.

Senator Kennedy, who was campaigning in Baltimore, Maryland, said that his losses to President Carter in Indiana, North Carolina and Tennessee would encourage him to increase his campaign efforts for the final hectic round of primaries which ends in California, Ohio and New Jersey in a month's time.

Mr George Bush, who was expected to lose yesterday's primaries, had said in advance that he intended to concentrate his efforts on California, Mr Ronald Reagan's home state.

Intensely, however, both of the trailing candidates will come under heavy pressure from their political parties to end their campaigns so that President Carter and Mr Reagan can concentrate their activities on beating each other in the election in November.

Both Senator Kennedy and Mr Bush have already made it clear that such appeals will not be heeded.

Nevertheless the arithmetic

of the delegates already committed to the two front-runners now makes it virtually impossible for Mr Bush and Mr Kennedy to catch up.

After yesterday's primaries Mr Carter has a total of 1,365 delegates to the Democratic national convention (he needs 1,666 to win the nomination) and Mr Reagan has 803 delegates to the Republican forum. The former Governor of California needs 998 for his party's nomination.

Yesterday's primary results were totally in line with expectations: Mr Carter beat Senator Kennedy by a two-to-one margin in Indiana, and four-to-one margins in North Carolina and Tennessee. On the Republican side Mr Reagan's margins of victory over Mr Bush were more than four-to-one in Indiana and Tennessee and three-to-one in North Carolina.

Only in the District of Columbia, which also held its primary yesterday, were Mr Kennedy and Mr Bush the winners. This was scant comfort for either man, however, since only a handful of delegates were at stake in the nation's capital. Mr Reagan had not even bothered to enter the popularity contest there.

Senator Kennedy had campaigned actively in only two of the areas which went to the

polls yesterday—Indiana and the District of Columbia. But a total of five days' trying to woo voters in the northern industrial part of the state suffering heavy unemployment failed to offset Mr Carter's strength in rural areas.

The results of the primaries are as follows:

**INDIANA**  
Democrats  
Carter 67 per cent.  
Kennedy 33 per cent.  
Republicans  
Reagan 74 per cent.  
Bush 16 per cent.  
No prof 3 per cent.

**NORTH CAROLINA**  
Democrats  
Carter 70 per cent.  
Kennedy 18 per cent.  
No prof 9 per cent.

**REPUBLICANS**  
Reagan 67 per cent.  
Bush 22 per cent.  
No prof 3 per cent.

**TENNESSEE**  
Democrats  
Carter 75 per cent.  
Kennedy 15 per cent.  
Uncommitted 4 per cent.

**REPUBLICANS**  
Reagan 74 per cent.  
Bush 13 per cent.  
Uncommitted 3 per cent.

**DISTRICT OF COLUMBIA**  
Democrats  
Kennedy 62 per cent.  
Carter 37 per cent.

**REPUBLICANS**  
Bush 66 per cent.  
Anderson 29 per cent.

## Britain considering action on Libyans

By David Spanier  
Our Diplomatic Correspondent

Britain is considering whether it may be necessary to take action against Libyan diplomats, after the recent murders of two Libyans in London, apparently carried out with the encouragement of the Tripoli authorities.

What has particularly disturbed the British Government is that its latest attempt to secure the cooperation of the Libyans to combat terrorism has proved totally unsatisfactory.

It was to express British concern over the intimidation of Libyan dissidents living in London that a senior Foreign Office diplomat, Sir Anthony Acland, visited Libya last week where he had a meeting with the Foreign Minister.

Shortly after this visit, Colonel Gaddafi, the Libyan leader, chose to issue a "final warning" to Libyans living abroad. People whom he described as remnants of the former regime should return

home, he said, as the only chance of saving themselves, or face the fact that they were doomed wherever they might be. Libyan propaganda has made it clear that this includes London.

Stating pressure of diplomatic business, including the admission of the Iranian Embassy siege in London, Lord Carrington, the Foreign Secretary, announced yesterday that he would not be able to attend the funeral of President Tito.

Lord Carrington has just returned from Washington and will be away all next week—first for the meetings of Nato foreign and defence ministers in Brussels, then the celebration of the twenty-fifth anniversary of the EEC foreign ministers' gathering in Naples.

A decision on Libyan representation in London is not, therefore, expected immediately. One difficulty is that the Libyan Government does not have an embassy as such, but a "People's Bureau".

## 'Diplomats' refuse to leave US

From Patrick Brogan  
Washington, May 7

Four Libyans, whom the United States considers to be diplomats and declared persons non grata last week, have refused to leave the country. They are in the Libyan Embassy here and have been told that if they emerge, they will be arrested and deported.

The Libyan Charge d'Affaires has told the State Department that the four are not diplomats and that he is awaiting instructions from Tripoli. The four were served with orders of expulsion on Friday and should have left on Monday.

They were then informed that their visas had been revoked and were ordered to leave by yesterday afternoon. When they did not do so, a State Department official went to the Embassy, and was told about the sudden diplomatic status of the four and the delays in communication with Libya.

## Pope tells Africans to take part in politics

From Our Correspondent  
Nairobi, May 7

The Pope celebrated Mass at an open air ceremony here today, watched by hundreds of thousands of people. He told African Christians that it was their duty to participate in political life.

Earlier, in an address to diplomats, the Pope had condemned atheistic ideology—an apparent reference to Africa's Marxist regimes—and added: "The currentment and violation of religious freedom of individuals and communities is above all an attack on man's very dignity."

Today's open air Mass was the highlight of the Pope's 40-hour visit to Kenya. The sun shone, although torrential overnight rain had turned parts of Nairobi Park, the setting for the Mass, into a sea of mud.

The huge crowd, overflowing on to surrounding roads, which were orderly and well behaved. There was no repetition of the scenes in Kinshasa where several people were killed in a crush.

The Pope, wearing white, was assisted at the Mass by Kenyan bishops. The congregation included President Moi of Kenya and President Binaisa of Uganda.

Earlier the Pope praised African societies for their moral values. Most Africans, he said, had assumed political responsibility for their destiny. He cited Zimbabwe's independence, but said that other forms of dependence were still a threat.

"Political independence and national sovereignty demand that there be also economic independence and freedom from ideological domination. The situation of some countries can be profoundly conditioned by the decisions of other powers."

He said: "There still remain too many instances of institutionalized discrimination on the basis of racial differences. Racial discrimination is evil, no matter how it is practised, no matter who does it or why."



Feather in his hat: The Pope displays his African presents.

The Pope expressed concern about the refugee problem in Africa and appealed to all authorities to offer "rightful freedom" to their people, so that they do not have to go looking for it elsewhere.

At a meeting with Protestant and orthodox church leaders, he said divisions in the Christian church were a scandal to the world and dimmed the voice of the church in the mission lands of Africa.

Tomorrow the Pope travels to Accra, where he is due to meet the Archbishop of Canterbury, who is now visiting Ghana.

## Last-ditch Killanin bid to save Olympics

From Michael Binyon  
Moscow, May 7

Lord Killanin, the president of the International Olympic Committee (IOC), met President Brezhnev today in a final attempt to salvage the Moscow Olympics.

He flew here yesterday and had a meeting with the Soviet leader shortly before Mr Brezhnev left for Marshal Tito's funeral in Belgrade. Mr Ignaty Novikov, the head of the Soviet Olympic Organizing Committee, took part in the talks.

A Tass announcement said the Soviet side pointed out it had observed the rules and regulations of the International Olympic Committee. They told Lord Killanin they were doing all they could to preserve the noble spirit of the Olympics in what Tass called the "present complicated international situation."

Lord Killanin's last-ditch attempt to avert a Western boycott includes a proposal that the Russians should play down all the political aspects of the games.

At the last meeting of the IOC executive committee in Lausanne last month, it was suggested that the games could still go ahead if there were no

parades or national anthems or anything that could be seen as Soviet political propaganda.

Lord Killanin sent telegrams to President Brezhnev and President Carter, and told reporters at the time that though he could not make peace, at least he could not make things any worse than they were.

But nobody really expects that his initiative will now stop a boycott. The Russians have hinted that they would be prepared to drop some of the Olympic pomp. But they are not going to change their policy in Afghanistan, and until they do the Americans and others who have said they will join the boycott are not likely to change their minds.

The Soviet press has turned the Irish peer into a folk hero ever since he started campaigning against the boycott. But the Russians have by now realized that the 1980 games will not be a full international sporting competition, no matter what the IOC does to persuade the West to modify its opposition.

Dames for Moscow: By 48 votes to nil, the Danish Olympic Committee last night decided to take part in the Moscow Olympic Games. The Danish Government gave them no directive.

## Reasons for absence of Mr Carter

From Our Own Correspondent  
Washington, May 7

The State Department said today that "circumstances did not allow" President Carter to attend Marshal Tito's funeral. The White House said it would be "unseemly" to discuss who should represent the United States at the funeral.

That is the only official reaction so far to the openly expressed displeasure in Belgrade that America should be represented by Vice-President Mondale and Mr Carter's mother. The newspapers have mentioned this displeasure, but have yet to examine the implications of this latest faux pas by the Administration.

The "circumstances" which prevent Mr Carter going to Europe are a town meeting he is to address in Philadelphia on Friday afternoon (which could obviously be put off) and a firm decision not to risk meeting President Brezhnev. It is suggested that such a meeting would send the wrong signals to Moscow.

This analysis sounds very like the work of Mr Zbigniew Brzezinski, the President's National Security Adviser, whose fervent and powerful anti-Soviet opinions have led to frequent incidents of this sort.

One reason for Mr Cyrus Vance's resignation as Secretary of State was that the President refused him permission to go to Vienna for the twenty-fifth anniversary of the Austrian State Treaty on May 15, where



The Duke of Edinburgh, followed by Mrs Thatcher and Mr Callaghan, after arriving in Belgrade yesterday.

he would have met Mr Andrei Gromyko, the Soviet Foreign Minister.

Mr Brzezinski was against the trip. He thinks that the less the United States has to do with the Soviet Union, the easier it will be to get the Russians to pull out of Afghanistan. The President's statement on Marshal Tito's death emphasized

## By-election swing could decide Botha move

From Nicholas Ashford  
Cape Town May 7

Whites in the Fauresmoot constituency, in the heart of the Orange Free State, voted today in a by-election regarded as one of the most important in South African history.

The result will determine not just which party will win the constituency in Parliament, but, more important, how serious is the ideological rift in the ruling National Party.

It is widely expected that when the result is announced, the National Party will have marked a shift from the National Party towards the two smaller, conservative parties contesting the election.

Although it is unlikely that

the Nationalists will lose the seat, a significant move away from the Prime Minister, to abandon the cautiously reformist stance he adopted during the first year of his premiership.

He has made it clear that he is using Fauresmoot as a sounding board for his programme of change, based on a 12-point plan presented during the party congress in Natal last year.

Supporters of Mr Botha maintain that fear of the Nationalists performing badly at Fauresmoot explains why he has been adopting a more rigid political line in recent weeks and why he seems to be going back on the reformist noises he was making a year ago.

## Two contenders for succession to Mr Karamanlis

From Marin Modiano  
Athens, May 7

Whoever can convince the New Democracy Party's 173 deputies that he can lead the party to victory in the next general election is the likeliest successor to Mr Konstantinos Karamanlis in the leadership of the party and the Government.

As things stand, the two main contenders have an equal chance to win tomorrow's secret vote in the party caucus. Mr George Rallis, aged 61, the Foreign Minister, is favoured by the party's moderates, while Mr Evangelos Averoff, aged 70, the Minister of Defence, has the support of the party's conservatives.

There are misgivings in the party that the combined effect of prolonged war and fear of office and the absence of leadership could seriously hurt New Democracy, which polled 41 per cent of the national vote in last year's elections and a half per cent of the national vote in last year's elections.

His chief rival the Panellenic Socialist Movement (Pasek) of Mr Andreas Papandreu.

It was only thanks to the prevailing electoral system which awards extra seats to the biggest parties, that New Democracy maintains a clear majority of 50 deputies over all other parties. But the question is: can this be true also of the next election results?

A general election, of course, is not due until November, 1981, although it is unusual for Greek Parliaments to exhaust a full four-year term. Pasok's popularity is said to be on the rise. Tomorrow's vote, therefore, will be guided by the question of which of the two challengers can defeat Pasok at the polls?

Mr Rallis reflects the line of moderation that Mr Karamanlis has grafted into Greek politics, after the lesson of the seven-year dictatorship. He has the advantage of being younger and a record as a good party worker. Several deputies owe him a debt of gratitude for including them on the party tickets.

What gives Mr Rallis a special aura of liberalism is

his success in introducing democratic Greek not only in education but also in officialdom—a reform that even more liberal governments had not dared to complete and that has greatly simplified life in Greece.

The right-wing extremists resent his stand even more so because he comes from an old political family with long rightist and royalist affiliations. So they regard him as a turncoat infected by the germ of "socialism" that the extreme right blames on Mr Karamanlis.

Today he appeals mainly to the younger generation of New Democracy deputies and to what has come to be known here as the "enlightened right wing" which abhors a return to the outdated methods and practices of the old right wing.

Mr Averoff, on the other hand, a prolific author, cattle breeder and farmer besides being a politician, has to his credit the masterful manner in which he converted Greece's armed forces from a docile instrument

of totalitarianism under the colonels, into a disciplined and efficient defensive machine that gives the Greeks today more confidence than they have ever had.

Although of liberal origin himself, Mr Averoff enjoys the support of the pro-Karamanlis "old guard" who feel that their party by deviating from the traditional position of the anti-communist right, lost its character and its appeal to the nationalists.

They are convinced that under Mr Averoff's dynamic leadership the party can reverse the dissatisfied voters on the right by advocating closer links with the West and Nato. An economy free from excessive state controls, and a tougher stand at home against Pasok and the communists.

Whether these are, indeed, Mr Averoff's intentions is very much in doubt, but this is the image his supporters convey, and one that tends to estrange from him the party's moderates.

Under Mr Averoff, New Democracy can hope to make good its electoral losses from the extreme right, where about 7 per cent of the electorate, disenchanted by the National Rally Party, is now being courted by Mr Spyros Markezinis, leader of the progressives.

Competition is toughest on its left where 12 per cent of the voters, orphaned by the disintegration of the centre, are looking for political shelter. There is, of course, Pasok as well as the splinter groups of the centre which, however, are at a disadvantage under the present electoral system. It is here that Mr Rallis, New Democracy would seek its new clientele.

These considerations will certainly weigh in tomorrow's voting at least as much as each deputy's assessment of the impact the new leader can make in his constituency and, even, his chances of being selected for a government post. And these chances are enhanced by the growing public demand for a change of faces and policies in the next Government.

## World view by Arrigo Levi

## The Thatcher style in brinkmanship

Mrs Thatcher's European fame few but faithful—have followed her European performance with a mixture of uneasiness, irritation and admiration. Let us start with the admiration.

Even her foes admit that had she left Britain's budgetary problem in lesser hands, she would have got almost nothing out of her partners. By putting her personal prestige at stake, as well as by raising the anti-European mood in Britain, which did not take much of an effort, she forced her partners to recognize that they had a real problem in their hands.

grand scale—a lot, if compared with today's little Europe—appeared to have been finally brought into the mainstream of the new, still young and hesitant European foreign policy.

This may have raised some jealousy, but is on the whole a greatly reassuring development for the whole of Europe, and was duly appreciated by Mrs Thatcher's European partners.

As a result of all that, and in spite of her manners, Mrs Thatcher managed to get a first "final" offer of £350m of the Dublin summit, then to have it more than doubled at the next summit.

## Raised spectre of withdrawal

By transforming her self-created vulnerability into strength she made it clear that she just could not be bought off with some little money.

Her manners at the Dublin summit were infuriating, which did not help. Even her admirers do not fall into the fallacy of believing that she got what she got thanks to her nagging.

This only increased resistance to her arguments, which were strong. By putting her demands as firmly, but more gracefully, her case could have won quicker acceptance.

At Luxembourg Mrs Thatcher had actually already won her battle of the budget, even if at the last moment she proceeded to reject the very conditions which—as we know from impeccable sources—she had considered presenting herself as her final demand (and the others knew once this was a matter of a fatal mistake, due to an excess of self-confidence. But more on that later).

## A long overdue exercise

Let me first indicate what was Mrs Thatcher's (foremost) achievement, for Europe as well as for Britain: by de jure reopening the negotiations on the conditions of Britain's entry into the Community, she finally forced her partners to reconsider all the Community's strategies, policies and structures: a long overdue exercise.

At Luxembourg she not only wrenched a huge monetary offer from Giscard and Schmidt, she also got their agreement to a global negotiation, leading to a general reform of the Community. This was quite a success for a newcomer to Europe: the lone girl, battling against a bunch of tough grown-up men, had achieved victory.

But she then decided not to claim victory and to hold out for more. She wanted French and German flesh and blood. She may in the end get it. But was it worth it?

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Whatever remains of Britain's imperial vocation and taste of foreign policy on a

## Second killing in Iran anti-Anglican vendetta

From Tony Allaway  
Tehran, May 7

A relentless vendetta against the leaders of the Anglican Christian community in Iran has claimed its second life.

The body of 24-year-old Bahram Deghani-Tafri, son of the Anglican Bishop of the Middle East, was herself shot in the head and his body found dumped in the front seat of a car in north Tehran yesterday. He had been shot in broad daylight in the head and chest.

Police who reconstructed the killing said it appeared that Mr Deghani-Tafri was herself shot in the head and his body found dumped in the front seat of a car in north Tehran yesterday. He had been shot in broad daylight in the head and chest.

Police who reconstructed the killing said it appeared that Mr Deghani-Tafri was herself shot in the head and his body found dumped in the front seat of a car in north Tehran yesterday. He had been shot in broad daylight in the head and chest.

The bishop's wife, Margaret, was told of the murder as she was visiting the church of the vendetta, the bishop's secretary, Miss Jean Waddell, Miss Waddell was shot and seriously injured six days ago in an attack at her Tehran flat.

One night last October Mrs Deghani-Tafri was herself shot in the head and her husband narrowly escaped death.

The Anglican community has come under steady attack since last year's revolution. Its first victim was an Iranian priest in the southern city of Shiraz, found scumpled after the anti-church uprising there.

Despite repeated assurances from the Government and even one from Ayatollah Khomeini about the respected position of Iran's Anglicans, a hard core of Islamic fundamentalists has gradually taken over the hospital and school for the blind on the Anglican compound in Isfahan.

The mainly British senior medical staff were ordered to leave, all the church's accounts were taken over and missionary activities ordered to stop.

Canterbury plea: Dr Runcie, the Archbishop of Canterbury, called on President Bani-Sadr yesterday to protect religious minorities in Iran.

## Ayatollah backs move to restore President's power

From Our Correspondent  
Tehran, May 7

Ayatollah Khomeini tonight appeared to have given his blessing to an attempt at a political comeback by his hard-pressed President, Abolhasan Bani-Sadr.

Officials at both the ayatollah's home in north Tehran and the President's office confirmed that Mr Bani-Sadr had been given leave to appoint the country's first prime minister since last November.

From the tone of statements by the President over the last few days the appointment would herald an attempt to redress the political defeats he has suffered in recent weeks, and restore control of the country to a single central government.

Officials at the ayatollah's home said he had agreed to all three points Mr Bani-Sadr had put forward in a letter to the revolutionary leader. There were: The appointment of a prime minister with the approval of the ayatollah; guaranteeing that state media would "act in the national interest";

It has been clear from recent events that the President, although commander-in-chief of Iranian armed forces, has not been able to enforce all his orders—for instance, during the recent campus violence and in the fighting in Kurdistan.

It was perhaps no coincidence that a statement by four prominent personalities, including leading clergymen, in the press today gave a warning of provocations by some who falsely claim to be following the revolution and the imam (Ayatollah Khomeini).

One of the signatories, Sheikh Ali Tehrani, a Mashhad cleric, has previously accused religious figures leading the Islamic Republic of trying to seize power for their own ends.



## OVERSEAS

## Mrs Bandaranaike withdraws from inquiry into her rule

From Our Correspondent  
Colombo, May 7

Mrs Sirimavo Bandaranaike, the former Prime Minister of Sri Lanka, announced today that she would take no further part in the proceedings of the presidential commission which is examining allegations that she abused her office and violated land reform laws while in power between 1970 and 1977.

In a lengthy statement to the three-man commission she said she did not think she would be given a fair opportunity to exonerate herself.

She said her decision was a carefully considered response to a manoeuvre by the United National Party to force her into political exile so that it could continue to rule the country without challenge.

Other charges against Mrs Bandaranaike are that she made a false declaration to the Inland Revenue Department and wrongly prolonged her Government's emergency powers.

The investigating commission has no punitive powers but it found her guilty, it could recommend that Parliament suspend her civic rights, including the right to vote and hold public office, for up to seven years.

The commission has convicted Mr Rinal Jayewardene, the former Justice Minister, Secretary of abuse of power and suspended his civic rights.

Mrs Bandaranaike, who was cheered and garlanded by sup-

porters of her Freedom Party, said: "The whole object of the appointment of a commission of inquiry is to ascertain the truth in regard to any matter of public concern when, by reason of the existence of rumours and suspicion of illegality or irregularity, there is a crisis of confidence."

"It is absolutely essential that such an inquiry should be conducted with objectivity and fairness, free from any preconceived theories, any particular viewpoint or political bias."

"But what has happened here? The Government has in the most flagrant manner disregarded this principle. The work of investigation has been done by lawyers who have strong political ties with the United National Party and investigations have been conducted in a manner directed to subvert the partisan political proposals of the UNP."

She said that if there was a case against her she should be tried in a court. She had been answerable to Parliament while she was Prime Minister and had faced a vote of no confidence which had been defeated.

She said that the members of the commission had been chosen by President J. R. Jayewardene and not by the Chief Justice. The members held office at the pleasure of the President and could be removed by him, she added.

The commission was adjourned until May 20.

## Russia sees three-way axis as a threat

From Peter Hazelhurst  
Tokyo, May 7

The Soviet Union has expanded its military presence in East Asia in recent years in response to what Moscow sees as a new axis between China, the United States and Japan.

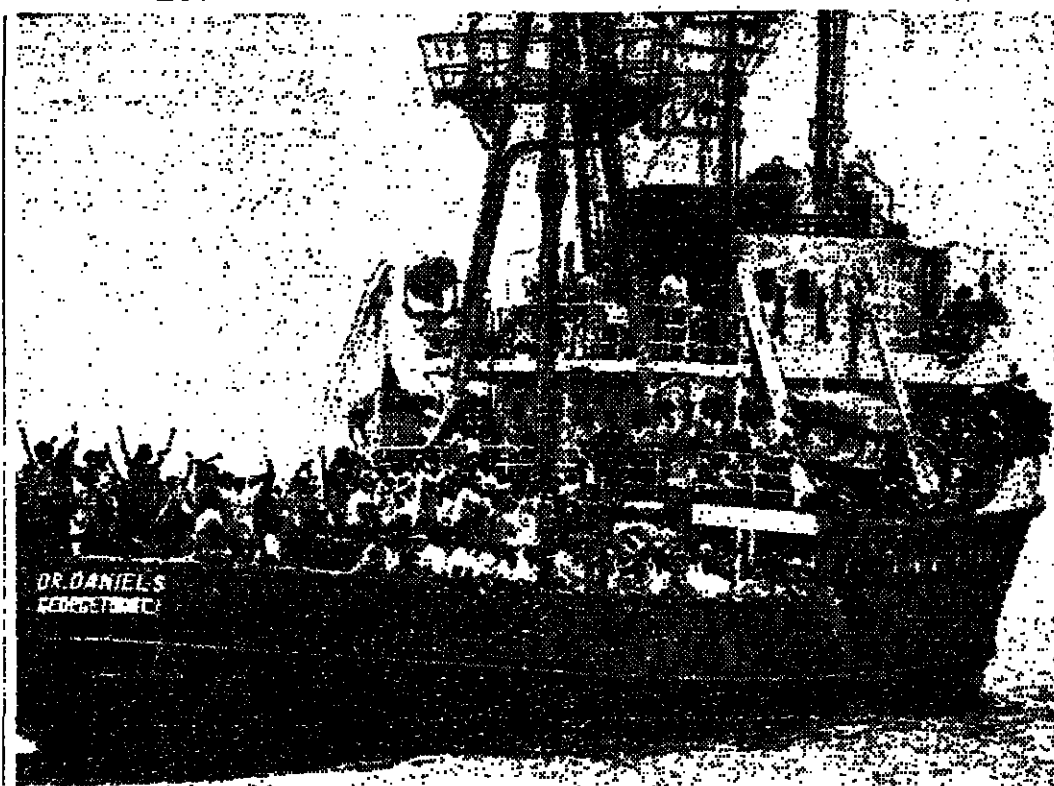
Mr Dmitri Polyansky, the Soviet Ambassador in Tokyo, claimed today.

Mr Polyansky also said that a boycott of the Olympic Games in Moscow would not in any way influence Soviet policy on Afghanistan. He was addressing the Foreign Correspondents Club.

He claimed that the Moscow Games would open on the fixed day in spite of the proposed boycott. "Our opinion is that the call for a boycott as advocated in certain quarters is dictated by desires that have nothing to do with sport and it is directed to undermine the noble Olympic games. It is doomed," he said.

Asked whether the Soviet Union would continue to build up its forces in the Pacific and Far East, Mr Polyansky said Moscow's policy of strengthening its defence capability in the Far East "should not be considered in isolation from the military and political situation in the area."

"There are some major peculiarities. The Sino-American rapprochement, the strengthening of the political and military alliance between the United States and Japan and America's growing military presence on Japanese territory," he said.



A tug carrying about 800 Cuban refugees heads for Florida.

## Ugandan elephants face extinction

From Alan McGregor  
Geneva, May 7

Ivory poachers using automatic weapons have reduced Uganda's elephant population—formerly one of Africa's finest—to a level where it is in imminent danger of extinction.

This is the conclusion of a survey carried out last month and in March by a team led by Dr Iain Douglas-Hamilton of the International Union for Conservation of Nature (IUCN), whose headquarters are at

Cland, on Lake Geneva. They found poaching, which became widespread during the Amin regime, continuing unabated.

The number of elephants in their two former strongholds, the Rwenzori and Kabalega Falls national parks, has fallen dramatically. In the former it is 150, compared with 3,000 in 1972, in the southern sector of the latter it is 160 compared with 9,000 seven years ago.

Only in the north of Kabalega, with some anti-poaching patrols still operating, is the position less critical: 1,200 elephants remaining from 5,000 in 1973.

Mr Douglas-Hamilton found most of the surviving 150 elephants in Rwenzori clustered around the park lodge.

In both parks, the team logged a ratio of two dead elephants to every live one. They estimated that in southern Kabalega three-quarters of the surviving population had been killed within the last 12 months.

## Police blockade Seoul university campuses

From Jacqueline Reditt  
Seoul, May 7

Riot police blocked exits from universities in Seoul today, preventing demonstrating students from leaving their campuses.

At Hankuk University of Foreign Studies about 1,500 students broke through the cordons, but after 10 minutes of fighting, the police, using tear gas, drove them back into the campus.

Fighting between police and students broke out at three other universities. At least 10 people were injured. Two policemen were taken to hospital.

Large, peaceful demonstrations were held at six other Seoul universities and at four provincial universities.

An estimated 6,000 students gathered at the gates of Yonsei, Seoul's second largest university, but riot police deterred them from trying to leave the campus.

Since March, student demonstrations in South Korea have been increasing in number and in violence. In the past three days, 19 students have been de-

tained by the police and a further five are being sought for questioning.

The police say they are holding the students until they can find out if the recent demonstrations have been instigated by "outside elements."

They have not said whether criminal charges will be brought against the students, although they could be charged with violating the martial law decree imposed after the assassination of President Park last October, and which restricts public meetings.

The students want the immediate lifting of martial law, freedom of the press, free labour unions, an end to enforced military training for undergraduates and the resignation of university staff who were closely linked with the Park regime.

Dr Kim Ok Gill, the Education Minister, has reduced on-campus military training, but has warned students that they will cause chaos if they do not give the Government more time.

## Girl refugee dies after sea rape

Bangkok, May 7—A 16-year-old

Vietnamese refugee girl has died in hospital at Songkhla, southern Thailand, after reportedly being raped over several days by Thai fishermen.

The fishermen had taken in tow the boat in which the girl was travelling with her three brothers and 12 other refugees. Police said five other women had been raped by the same fishermen.

## Jailed Briton awaits verdict

Beirut, May 7—Mr Peter

Sainsbury, a British businessman, held in jail in Beirut for two and a half years without sentence, expects a final verdict on May 20 in his case involving charges of a \$6m (£2.6m) bank fraud.

Mr Sainsbury, charged with fraudulent bankruptcy, was arrested on September 30, 1977. He has maintained his innocence.—Reuter.

## Thais urged to let Khmer Rouge supplies pass

From Neil Kelly  
Bangkok, May 7

Supplies for forces of the deposed Khmer Rouge government, now preparing for an intensified guerrilla offensive against the Vietnamese, will be an important but embarrassing topic during talks between Mr Huang Hua, China's Foreign Minister, and the Thai Government.

Mr Huang, who arrived in Bangkok tonight, would like Thailand to allow supplies for the Khmer Rouge to pass freely through its territory, but Thailand is not likely to lift its ban on that traffic.

It has repeatedly rejected Vietnamese charges that it is letting supplies through, although Thai Army officers and Khmer Rouge officials say weapons and other supplies are passing through Thailand.

The Thai Army appears to be doing its best to block supplies, but its soldiers are too few to police the entire border, which in places runs through mountains and heavy jungle.

Khmer Rouge groups near the Thai border are displaying a

variety of new Chinese goods, including green army uniforms, boots and shoes, medical supplies, hospital equipment and radios.

New weapons are less obvious, but guerrilla leaders say supplies of light weapons and ammunition have improved recently. They also say some are being bought in Thailand with money from a Bangkok bank account which is regularly replenished by the Chinese Government.

Khmer Rouge fighters and people under their control appear to be better off for food, clothing and other necessities than for a long time. There are now few cases of malnutrition, although malaria is still rife. More than 2,000 tons of food a month are being supplied to Khmer Rouge groups by international relief agencies on the Thai border.

Military observers say that renewed health will make the Khmer Rouge formidable foes for the Vietnamese and their Kampuchean allies during the coming rainy season.

## Hongkong official to study 'Countryman' methods

From Richard Hughes  
Hongkong, May 7

Mr Gerry Barknett, the director of Hongkong's Independent Commission Against Corruption (ICAC), will visit London later this month to study the methods used in the British investigation into alleged criminal activities by London policemen.

Like the British operation, codenamed "Countryman", the Hongkong commission conducts independent inquiries into allegations of corruption against local policemen.

There is growing evidence of hostility towards the commission by the Hongkong police.

Last month, four senior ICAC officers were arrested at gunpoint, publicly searched by airport security police and accused of trespassing in a restricted area of Hongkong airport.

The officers were correctly wearing valid security passes. The incident is being investigated by an assistant commissioner of police, but there have been angry public demands that the inquiries should be handled by an independent body.

The ICAC investigators believe that they have now smashed police corruption syndicates in Hongkong and are concentrating on other government departments.

## Help for rare birds ends in fire disaster

Mio, Michigan, May 7.—One person died, a dozen houses were burnt down, a thousand people evacuated and 18 square miles of forest destroyed near here yesterday—all to give a bird a nest.

The rare Kirtland Warbler builds its home in pine cones which have been opened by the heat of forest fires.

The state forestry service starts fires every year to ensure it a nesting place. However, this year's blaze went out of control and continued for two days before being extinguished last night.—Agence France-Presse.

## Princess's visit to Malaysia ended by illness

Kuala Lumpur, May 7.—Princess Margaret today cut short her visit to Malaysia because she and members of her party were suffering from stomach upsets, a British High Commission spokesman said.

The Princess, who arrived on Sunday from Singapore for a five-day visit, cancelled the last part of her programme on medical advice and was returning to Singapore earlier than scheduled. Princess Margaret, who has also visited the Philippines during her tour, had been due in Singapore tomorrow.—Reuter.

## 15 nations seek to control exploitation of Antarctic

Canberra, May 7.—Fifteen countries today began a meeting to work out how to conserve the Antarctic Ocean's living resources in the face of increasing numbers of fishermen in the region.

The two-week conference is expected to set up machinery to regulate commercial exploitation of the marine life to prevent over-fishing, Australian officials said.

As a first step, delegates will probably approve the establishment of a commission to make a scientific study of fish and bird life in the region and to assess the impact of commercial fishing.

Conservation groups have expressed concern that growing exploitation of the Antarctic krill, a high protein fish, could have disastrous consequences for whales, penguins and other creatures.

The meeting is being attended by East and West Germany and the 13 Antarctic Treaty members: Argentina, Australia, Belgium, Chile, France, Japan, New Zealand, Norway, Poland, South Africa, the Soviet Union, Britain and the United States.

Mr Morris Busby, the head of the American delegation, told the opening session that an agreement at the meeting would not result in the automatic implementation of conservation measures. The United States would press for interim measures.

Mr Yuri Rybakov, the chief Soviet delegate, said conservation measures were needed, while allowing rational exploitation of the resources.

More overseas news,  
page 16

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# May chosen as next president of MCC

 **Members' dividends for matches played next Saturday 10th May will appear in this paper on Friday 16th May.**

**nds for matches played  
0th May will appear in  
n Friday 16th May.**

W. J. Edwards	50	Total 19 wks. 533. 33 errors	112
Edmunds	1	A. Jones to bat.	
Edmunds	1	FALL OF WICKETS: 1-6, 2-17	
Edmunds	1	3-10, 4-11, 5-12, 6-13, 7-14, 8-15, 9-16, 10-17, 11-18, 12-19, 13-20, 14-21, 15-22, 16-23, 17-24, 18-25, 19-26, 20-27, 21-28, 22-29, 23-30, 24-31, 25-32, 26-33, 27-34, 28-35, 29-36, 30-37, 31-38, 32-39, 33-40, 34-41, 35-42, 36-43, 37-44, 38-45, 39-46, 40-47, 41-48, 42-49, 43-50, 44-51, 45-52, 46-53, 47-54, 48-55, 49-56, 50-57, 51-58, 52-59, 53-60, 54-61, 55-62, 56-63, 57-64, 58-65, 59-66, 60-67, 61-68, 62-69, 63-70, 64-71, 65-72, 66-73, 67-74, 68-75, 69-76, 70-77, 71-78, 72-79, 73-80, 74-81, 75-82, 76-83, 77-84, 78-85, 79-86, 80-87, 81-88, 82-89, 83-90, 84-91, 85-92, 86-93, 87-94, 88-95, 89-96, 90-97, 91-98, 92-99, 93-100, 94-101, 95-102, 96-103, 97-104, 98-105, 99-106, 100-107, 101-108, 102-109, 103-110, 104-111, 105-112, 106-113, 107-114, 108-115, 109-116, 110-117, 111-118, 112-119, 113-120, 114-121, 115-122, 116-123, 117-124, 118-125, 119-126, 120-127, 121-128, 122-129, 123-130, 124-131, 125-132, 126-133, 127-134, 128-135, 129-136, 130-137, 131-138, 132-139, 133-140, 134-141, 135-142, 136-143, 137-144, 138-145, 139-146, 140-147, 141-148, 142-149, 143-150, 144-151, 145-152, 146-153, 147-154, 148-155, 149-156, 150-157, 151-158, 152-159, 153-160, 154-161, 155-162, 156-163, 157-164, 158-165, 159-166, 160-167, 161-168, 162-169, 163-170, 164-171, 165-172, 166-173, 167-174, 168-175, 169-176, 170-177, 171-178, 172-179, 173-180, 174-181, 175-182, 176-183, 177-184, 178-185, 179-186, 180-187, 181-188, 182-189, 183-190, 184-191, 185-192, 186-193, 187-194, 188-195, 189-196, 190-197, 191-198, 192-199, 193-200, 194-201, 195-202, 196-203, 197-204, 198-205, 199-206, 200-207, 201-208, 202-209, 203-210, 204-211, 205-212, 206-213, 207-214, 208-215, 209-216, 210-217, 211-218, 212-219, 213-220, 214-221, 215-222, 216-223, 217-224, 218-225, 219-226, 220-227, 221-228, 222-229, 223-230, 224-231, 225-232, 226-233, 227-234, 228-235, 229-236, 230-237, 231-238, 232-239, 233-240, 234-241, 235-242, 236-243, 237-244, 238-245, 239-246, 240-247, 241-248, 242-249, 243-250, 244-251, 245-252, 246-253, 247-254, 248-255, 249-256, 250-257, 251-258, 252-259, 253-260, 254-261, 255-262, 256-263, 257-264, 258-265, 259-266, 260-267, 261-268, 262-269, 263-270, 264-271, 265-272, 266-273, 267-274, 268-275, 269-276, 270-277, 271-278, 272-279, 273-280, 274-281, 275-282, 276-283, 277-284, 278-285, 279-286, 280-287, 281-288, 282-289, 283-290, 284-291, 285-292, 286-293, 287-294, 288-295, 289-296, 290-297, 291-298, 292-299, 293-300, 294-301, 295-302, 296-303, 297-304, 298-305, 299-306, 300-307, 301-308, 302-309, 303-310, 304-311, 305-312, 306-313, 307-314, 308-315, 309-316, 310-317, 311-318, 312-319, 313-320, 314-321, 315-322, 316-323, 317-324, 318-325, 319-326, 320-327, 321-328, 322-329, 323-330, 324-331, 325-332, 326-333, 327-334, 328-335, 329-336, 330-337, 331-338, 332-339, 333-340, 334-341, 335-342, 336-343, 337-344, 338-345, 339-346, 340-347, 341-348, 342-349, 343-350, 344-351, 345-352, 346-353, 347-354, 348-355, 349-356, 350-357, 351-358, 352-359, 353-360, 354-361, 355-362, 356-363, 357-364, 358-365, 359-366, 360-367, 361-368, 362-369, 363-370, 364-371, 365-372, 366-373, 367-374, 368-375, 369-376, 370-377, 371-378, 372-379, 373-380, 374-381, 375-382, 376-383, 377-384, 378-385, 379-386, 380-387, 381-388, 382-389, 383-390, 384-391, 385-392, 386-393, 387-394, 388-395, 389-396, 390-397, 391-398, 392-399, 393-400, 394-401, 395-402, 396-403, 397-404, 398-405, 399-406, 400-407, 401-408, 402-409, 403-410, 404-411, 405-412, 406-413, 407-414, 408-415, 409-416, 410-417, 411-418, 412-419, 413-420, 414-421, 415-422, 416-423, 417-424, 418-425, 419-426, 420-427, 421-428, 422-429, 423-430, 424-431, 425-432, 426-433, 427-434, 428-435, 429-436, 430-437, 431-438, 432-439, 433-440, 434-441, 435-442, 436-443, 437-444, 438-445, 439-446, 440-447, 441-448, 442-449, 443-450, 444-451, 445-452, 446-453, 447-454, 448-455, 449-456, 450-457, 451-458, 452-459, 453-460, 454-461, 455-462, 456-463, 457-464, 458-465, 459-466, 460-46	

Total (O wkt) . . . . . 0  
G. P. Howarth, \*R. D. V. Knight,  
G. R. J. Peola, D. M. Smith, R. D.  
Jackman, C. J. Richards, R. G. L.  
Cheate, P. J. Pocock and P. R. L.  
Wilson, to bat.

Bonus points: Surrey 4, Sussex 3.  
Umpires: K. Palmer and D.  
Shuttlesworth.

tully competed over 200 metres at Hornchurch on Monday after a 10-month absence with hamstring problems, will be making her international comeback. Her "warm-up" victory in 22.7 sec. decided unprofitable conditions.

1. The first step in the process of identifying a problem is to define the problem. This involves identifying the symptoms and the underlying causes of the problem. Once the problem has been defined, the next step is to identify the stakeholders who are affected by the problem. This involves identifying the individuals, groups, and organizations that are impacted by the problem. The third step is to identify the resources that are available to address the problem. This involves identifying the personnel, equipment, and information that are needed to address the problem. The fourth step is to develop a plan of action. This involves identifying the specific steps that need to be taken to address the problem. The fifth step is to implement the plan of action. This involves putting the plan into action and monitoring the progress. The sixth step is to evaluate the results. This involves assessing the effectiveness of the plan and making adjustments as needed. The seventh step is to document the process. This involves recording the steps that were taken and the results that were achieved. The eighth step is to communicate the results. This involves sharing the results with the stakeholders and the public. The ninth step is to review the process. This involves reflecting on the process and identifying areas for improvement. The tenth step is to repeat the process. This involves repeating the steps as needed to address the problem.

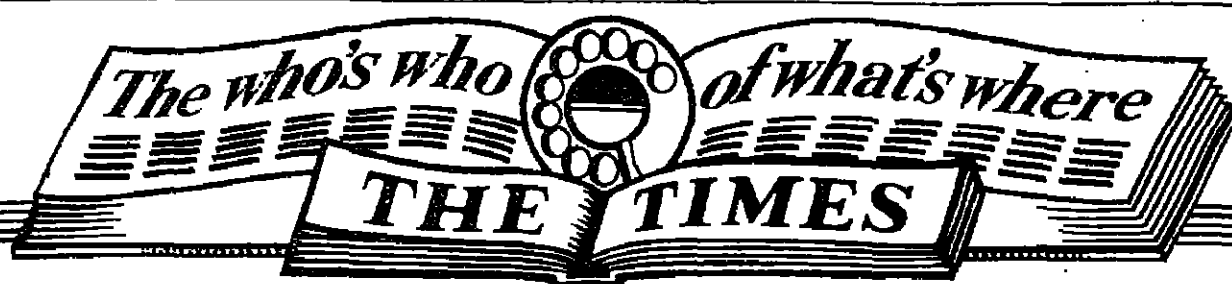












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Korn/Ferry



PARLIAMENT, May 7, 1980

## A premature drop in MLR would hinder fight against inflation

House of Commons

To reduce minimum lending rate prematurely would risk undermining the Government's policy of bringing down the rate of inflation, Sir Geoffrey Howe, Chancellor of the Exchequer, said in moving a Government motion to take note of the White Paper on the Government's expenditure plans for 1980-81 to 1983-84.

He also said that the economy should be capable of growing faster than the 1 per cent a year set out in the White Paper. Sir Geoffrey Howe (East Surrey, C) said the Government had made clear on many occasions that it was necessary to reverse the hazardous growth of public spending and to bring down that level.

The Treasury and Civil Service select committee had offered some criticism of Government for not providing what they regarded as a sufficient basis of information for reasonable judgments to be made about the government's policy. He believed the Government had gone a long way towards providing just that information. This was the first time that the government had set out its monetary and fiscal plans for a number of years ahead.

He warned against undue preoccupation with prediction. Forecasts were very uncertain. They were subject to many risks of error which could not at best be more than speculative.

The overriding priority of the Government was to reduce the rate of inflation.

Inflation was bad for growth and employment; it inhibited investment and consumption. If they got it down, there could be no prospect of a return to comparative economic stability or a return to the prosperity of the 1950s and 1960s.

The main anxiety that seemed to come from most critics was not that the Government's planned spending requirements were too severe but that they might not be ambitious enough to bring down the rate of inflation.

If growth of the modest scale suggested was not forthcoming then even the reduced spending programme could be unsustainable.

It was the view (he said) that the assumption of 1 per cent annual growth after 1980 on which the illustrative predictions of the Red Book are based can properly be described as deliberately cautious.

We expect the British economy as well as the world economy (he continued) to be recovering from recession from 1981 onwards. Over the next five years, the rate of growth of the economy will be about 2 per cent a year.

So the economy should certainly be capable of growing faster than the 1 per cent figure set out in the public expenditure White Paper.

Even if GDP did not grow at the assumed 1 per cent there was room for manoeuvre, and the modest and reducing plans for public spending which the Government put forward were compatible with that.

The Government might or might not be right in saying that its policies would secure a major transformation in the aggregate financing requirements of the nationalised industries over the four-year period.

He hoped that the House would agree that that transformation was highly desirable and that the nationalised industries accounted for 10 per cent of GDP.

The Government's policies were directed towards securing lower interest rates. That was why it had acted firmly to hold back public spending and reduce public borrowing. They could not expect interest rates to move down and stay down until the money supply was firmly under control.

In practice the money supply was coming under control and interest rates had come down a little. Figures published earlier today showed that the rate of growth of the money supply over the last 10 months had fallen to an annual rate of some 10 per cent and in the last six months it was something less than that.

The figures were encouraging and showed that the policies to

reduce money supply growth were working. The gilt-edged market had demonstrated in recent weeks its confidence that the Government's policies would bring down the rate of inflation and with it interest rates.

They had sold substantial volumes of gilts, and longer-term interest rates had fallen but it would be incautious of the authorities to follow them too quickly with a reduction of MLR.

Details of these figures were not yet available. Although the figures were encouraging they would not be sure of the position until it was clear that interest rate levels were restraining the excessive rate of growth of bank lending in recent months.

To reduce MLR prematurely would risk undermining the Government's policy to bring down the rate of inflation. They might be faced with the prospect of having to increase interest rates later in the year which would be damaging to industry, home-owners and consumers.

He recognized the difficulties of those companies that were producing goods and services which faced competition from overseas in the home and export markets but, in the great majority of cases, the most effective action to help companies still rested with the companies themselves, the managements and their workers.

He said that the government had adapted to relatively poor prospects for the world economy in the present year, they might be faced with a more difficult situation in the years ahead. But fundamentally they had to become more competitive and keep unit labour costs under better control.

We cannot (he said) go back to the sort of institutionalized incomes policy whose backwash is a reduction in the prosperity of the 1950s and 1960s.

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## Government's spending cuts unnecessary and leading to higher cost of living

Mr Denis Healey, chief Opposition spokesman on Treasury and economic affairs (Leeds, East, Lab) moved an amendment rejecting the Government's expenditure plans for 1980-81 to 1983-84 on the grounds that they will increase unemployment, raise the cost of living, and lower the standard of the public services.

He said that when the Prime Minister discussed spending policies in public he seemed to say: "We must cut public expenditure because people must be free in this country to choose how they spend their money." But the people were free to choose last Thursday and they chose public expenditure at the expense, if necessary, of increases in interest rates.

People were not prepared to see the standard of public services reduced even if they had to spend more money in order to keep them up to the mark.

The Chancellor's failure to control money supply was due to the high level of corporate borrowing and the fact that the government was having to borrow too heavily to finance pay increases.

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There must be higher public expenditure and a higher public sector borrowing requirement if at the end of four years there was to be any hope of getting output back to the level at which the Chancellor found it when he took office in May last year.

Even if judged by the standard the Chancellor set for it, the White Paper was a disaster. The most realistic scrutiny.

The main criticism made by the Select Committee on the Treasury and Civil Service could not be denied and the Chancellor did not attempt to deny it. There was no breakdown by category of public expenditure plans over the coming four years. It was impossible to judge the economic effect of the cuts in particular programmes.

It was all the difference in the world whether housing cuts were achieved by raising rents, which had an immediate effect on the cost of living, or by cutting building, which had an immediate effect on employment.

There were additional cuts in the White Paper this year which fell almost entirely on housing. To take the following three years, all that the House was presented with was a list of cuts in housing.

The cost of the Chancellor's financial plan was an appalling increase in the cost of living. The government was having to cut public expenditure heavily simply to stand still.

If the Government stuck to the plans in the White Paper on public expenditure there was no chance whatever of the feeble upturn in economic activity which the Government had forecast.

The Select Committee was told that manufacturing output would fall 6 per cent over the next four years and that output from the North Sea would fall by half a per cent of gross domestic product each year. The world out-

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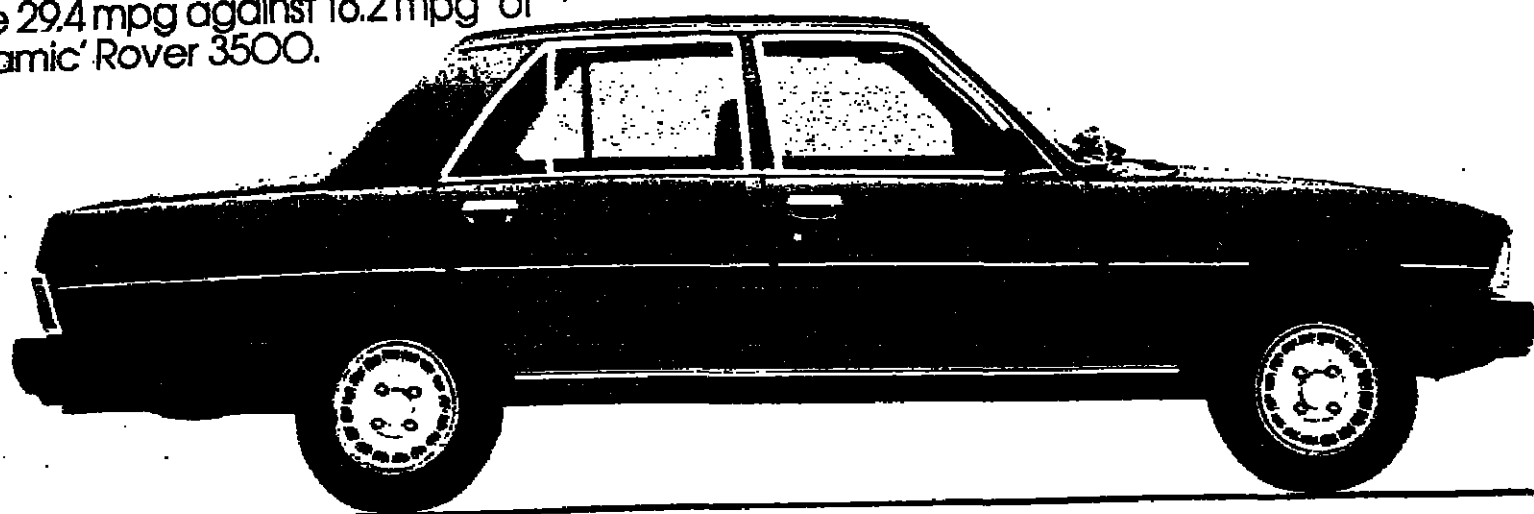
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Ronald Butt

# Give the schools back to the people

What Mr Carlisle proposes is to allow a comprehensive monopoly and call it stability

He expressed the hope that in areas where the party in power changes regularly, there should be agreement to a system of education which neither party attempted to change at each election.

Now this would be all very well and good if there were any sign of willingness on the part of Labour "comprehensivists" to compromise (as they might, indeed, do on existing mixed systems in Tameside) and there is some. So in practice the price of stability is acceptance by Conservatives of a movement along a one-way route towards a wholly comprehensive system to which those who disagree are allowed no resistance, even when they are in a majority. To adapt a phrase, what Mr Carlisle proposes is to allow a comprehensive monopoly and call it stability.

For if stability is to mean anything more than that, he ought to say that if there is no compromise on Tameside, and if a victorious Tory government wished to reverse matters, a Tory Secretary of State would support it. His refusal to support the

Tory authority in Bexley in changing the split-site comprehensive Erith school hardly suggests that this is his way of looking at it at all.

The truth is that on this question of school structure, the Tories in office, by and large, have no convictions, and little interest. They know that very many and perhaps most of their supporters do not like things as they are, but they find it politically awkward to do anything about it. By and large, most Conservative politicians, once they are sufficiently far up the ladder, send their own children to public schools and are happy to hand the rest over to the prevailing education lobby. Even in their own narrow interest, this is short-sighted.

It hardly adds conviction to their own proposal for a tiny element of party effort in which school structure is seen by the Labour Party as an integral part of their political objectives.

It is tempting to see a possible solution in the argument which Dr Rhodes Boyson has repeatedly put forward, suggesting a return of education to something like the old locally elected school boards which were established at the outset of state education in 1870, and which were given powers to levy rates, build schools, provide teachers and assist places in need.

In 1902, the Balfour Act reorganised education on a municipal basis, swept the school boards away and replaced them by the borough

councils—effectively, the local education authorities—which provided much more for education financially and organisationally. But made it, in the long run, a tool of party politics. But if education were again under the control of locally elected public opinion, that would enable public opinion to be much more clearly represented.

For at present, even when education is a prominent local issue (as at Tameside), the local authority is likely to receive the votes, on other grounds, of many who do not approve of its educational proposals. There is an increasing argument for some sort of referendum element, particularly locally, on particular subjects which concern many people but which, at elections, tend to be submerged beneath the broader political argument. Even if elections for school boards were themselves held on party lines, it would have to be assumed that a voter who supported a candidate for an education board would actually approve of that party's education policies, since nothing else would be at stake.

This could do much to bring public accountability back into education. It could even be the answer to the question which is to replace ILEA which the Government is now studying. At least it is worth thinking about. Conservatives should begin asking themselves whether they have any convictions at all about the best structure for schools or whether they are prepared to do no more than be ruled by the pressure groups which dominate the official mind, and take all their decisions, once in office, in the interests of a quiet political life.

## EEC budget: Mrs Thatcher was right to hold out

Was Mrs Thatcher right to reject the reduction in Britain's EEC budget contribution offered in Luxembourg last week?

There is no doubt that huge concessions were made to Britain at the summit. These arose from an entirely unanticipated French proposal communicated to Mrs Thatcher by President Giscard d'Estaing, via Signor Francesco Cossiga, the Italian Prime Minister and current EEC president, on the previous Friday.

The French suggested that Britain's net contribution to the budget should remain frozen at the 1979 level, which was calculated at 849 million units of account (£518m) in 1980, 1981 and 1982. A net contribution of this size would be about half what Britain expects to pay this year as things stand on even the most conservative estimate.

In effect, the French proposal would have required the rest of the EEC to finance the difference between the ceiling set on Britain's net contribution and whatever level the uncorrected British deficit would otherwise have reached. It is clear that the French have shied from the purely budgetary consequences of increases in EEC agricultural expenditure.

In sum, President Giscard's offer was cunningly contrived to tempt Mrs Thatcher and at the same time weaken her resistance to the five per cent increase in EEC farm prices favoured by eight member states and insisted on by France as a precondition for any budget deal. The point was not lost on Herr Helmut Schmidt, the West German Chancellor, whose counter-offer to the EEC budget, would have had to meet most of the cost of the French scheme.

By the time Mrs Thatcher and her EEC colleagues got down to serious discussion of the budget issue on the second day of the summit, the French proposal had already begun to assume a less satisfactory shape. Endless permutations were bartered to and fro across the negotiating table, but none in the end produced quite the combination of money and duration that Mrs Thatcher was after.

The question of duration was vital. Mrs Thatcher wanted a solution that would take the budget issue out of politics for good—or at least until after the next general election, which is the next same thing in a politician's perspective. She also knew that neither changing trade patterns nor EEC agricultural reform could be expected to bring any natural improvement in Britain's budget position for another five or six years.

The final two-year offer rejected by the Prime Minister would have pegged Britain's net contribution this year to no more than £325m. This was assumed to imply a reduction of about £760m, after allowing for the effects of a five per cent farm price rise and the further proposed that Britain's uncorrected deficit in 1981, whatever it turned out to be, would be reduced by the same amount.

It was estimated that this would probably leave Britain with a net contribution in 1981 of at least £490m. This was too steep for Mrs Thatcher, who argued that in the second year Britain's net payment should not grow by a higher percentage than the EEC budget as a whole. On the assumption that the budget would be, at best, to expand by more than 20 per

cent, that would have implied a net contribution next year of £400m at most.

But Mrs Thatcher was not concerned only by the amount, in itself not unsatisfactory. She also wanted a review clause at the end of the second year which clearly implied the continuation of budget relief thereafter. In addition the collateral concessions, such as the already pressed to concede on farm prices, fisheries and lamb had worrying financial and political ramifications.

It is estimated that a five per cent price rise, coupled with rising production trends, would push up EEC farm spending by more than £1,500 million over the next two years even without allowing for the impact of further price increases next year. That would imply an extra net charge on Britain of about £170 million. Even if Britain was shielded from the strictly budgetary consequences there would be a heavy price to pay in higher food import costs.

This mish-mash is acknowledged to be nonsense

A price rise of this order, including increases of 4 per cent even for milk and sugar, which are in chronic surplus, coupled with the emasculation of the measures originally proposed by the European Commission for curbing over-production, would swell the already inflated proportion of the budget spent on agriculture and make longer-term reform of the Community's spending priorities even more difficult.

Mrs Thatcher was also under pressure to acquiesce in expensive new arrangements for lamb and mutton involving income supplements, seasonalised price support and export subsidies to get rid of the surpluses rendered unmarketable by the resulting higher prices. This mish-mash of concessions to the needs of France's high-cost lamb production is acknowledged to be an economic nonsense, and one with potentially damaging implications for Britain's lamb purchases from New Zealand.

Yet a further concession urged on Mrs Thatcher was a statement of support for the principle of "equal access" for EEC fishermen throughout Community waters. To have conceded this would have meant abandoning Britain's longstanding claim to a preferential share of the fish caught off its coast—about 60 per cent of the total EEC catch. Understandably the Prime Minister was not disposed to do so.

On balance then Mrs Thatcher was right to hold out for better terms. Since in the end she seems bound to give way on farm prices she needs to get a better deal on the budget—on the least a clearly defined ceiling on Britain's net contribution for three years with a review clause implying continuation of relief if the deficit shows signs of persisting.

There is a danger that the momentum towards settlement generated at the summit will be allowed to peter out. Mrs Thatcher could do worse than explore the drop-away French suggestion—thrown by President Giscard in the middle of the Luxembourg discussions and never fully developed—for an entirely new and apparently permanent mechanism that would act to reduce excessive budget surpluses as well as deficits.

Michael Hornsby

Bernard Levin

## Cry Woolf, but I won't be listening

One of the nice things about living in a democracy, which could indeed almost serve as a definition of it (Alexander Woolcott defined a free country as one in which the rights of the wrong done to George Archer-Shee—the Winslow Boy—was possible), is that nobody can compel a citizen of it—me, for talking about—to read any more than he can on the subject of Bloomsbury on the one hand or Somerset Maugham on the other, and I give notice that I now propose to exercise my right in this matter, unwaveringly, to the end of my life. You have no idea what a relief it is to have come to that conclusion and announced it. Or perhaps you have an idea; a couple of years ago, I wrote a column about Debussy's *Pelléas et Mélisande*, in which

I declared that over some twenty-five years I had seen the horrible thing five times in all, and I was never again going to set foot in an opera house when it was playing. I expected to be lynched, but all that happened was that I got, along with a few rebukes, in effect (and in one or two cases literally) "Thank God you've said it—I've hated the damned thing all my life, and now I realize that I never need to listen to it again." (Friends, friends: you never needed to listen to it in the first place.) Mind you, I felt a little guilty when I learned that on the Saturday night following the appearance of my announcement, *Pelléas* was booed at Glyndebourne, and I was accused of being responsible:

"You're made it," said my accuser, "all right for people to hate the poor thing." I would like to think so, I must say. And now it is the turn of Maugham and Bloomsbury, in the latter instance with special reference to Virginia Woolf. Not one word more do I intend to read, between now and my dying day, on either. These thoughts are prompted, as you may realize, by the appearance of yet another book about Maugham, who certainly seems to have been one of the most odious human beings who ever lived, and not merely in his damage, either. But that has nothing to do with it; if he had been as admirable as St Francis of Assisi it would make no difference to my resolve, which is based not on distaste for his

character (do I stop reading books about Wagner?), or even on a low view of his writing (though as a matter of fact I do think that his literary talent was possibly the most over-rated phenomenon since the South Sea Bubble, or at any rate since Virginia Woolf), but on a feeling that the world is slowly—but less and less slowly—sliding up with books about him, like that loquacious play about a man filling his flat with furniture, and that unless the flow is stopped we shall all be buried under biographies of him.

There is further matter for wonder, in the fact that Maugham made it clear that he wanted no book written about him, and gave strict instructions to his literary executor not to cooperate with any biographer, an order which the man to whom it was given (the late Spencer Curtis Brown) enthusiastically broke. But the flood pours on, and for my part I shall never again die so much as a toe in it. (My swearing-off extends, naturally, to books about his wife, and also to books about or by Gerald Craxton, Alan Searle and Godfrey Winn—but not by Beverly Nichols, who loves me, though I shan't read a book by him either, if it mentions Maugham—books by his catamites or his bridge-partners, his cook, his tailor, his hairdresser or his valet. Books by those who liked him and those who disliked him, by those who knew him and those who didn't know him—say, books that so much as mention him or even have a photograph of him in them.)

As for Bloomsbury in general, and Virginia Woolf in particular, the situation is even worse. I read the Michael Bond biography of Lytton Strachey when it came out, and admired it greatly, not least because even then I realized that, having told me everything I ever wanted to know about Bloomsbury, it had relieved me of the necessity of ever opening another book on the subject. As it happened, I broke my resolve not to do so, when I read, almost by accident,

Professor Quentin Bell's incomparable biography of Virginia Woolf; that book met the most exacting test of biography by being interesting about a figure in whom I had—and have—no interest at all. (I say "no interest," all right, but I am not unreadable, and none of them would be worth reading even if they weren't.) Having read Professor Bell as well as Mr Holroyd, I knew slightly more about Bloomsbury than I wanted to know on the subject, but that was no great matter. Ever since, however, there has been such an outpouring of books on every aspect of the woman that I frequently have to call the Town Hall and demand the services of a snow-plough to clear away the mounds of them that have accumulated in the street before I can get out of the house.

With the obvious exception of Forster, the whole of Bloomsbury and everyone who passed through it amounts to no more than a footnote, and a footnote, count, because although he was of the Bloomsbury milieu his real work was done far outside its confines, and not only its geographical confines. Besides, he was wrong.

Yet this footnote has spawned a footnote, and a footnote, especially in the transitive mode? Bloomsbury's can) forty shelvesful of books, ranging from three-volume studies of her use of the semi-colon to the memoirs of her chiropodist, from massive biographies of the manager of the shop which she used to get her coffee (by way of examinations of the parallels between her work and that of Damon Runyon, and from books designed to prove that the early essays attributed to her were in fact written by George Bernard Shaw, designed to disprove the theory that Radcliffe Hall was one of her pseudonyms. (It was, as a matter of fact.)

I do not claim that books about Virginia Woolf and Bloomsbury are written just to annoy another book of them, anyhow. But as has been well said, just because you're paranoid, it doesn't mean you

aren't being followed. I am being followed by Bloomsbury, and I give it fair warning that I shall shortly turn round and hit it with my umbrella. Enough is enough. That book about Bloomsbury and Maugham will continue to appear despite my disapproval I cannot, unfortunately, doubt. But let the authors and publishers, the editors and compilers, take note that from now on they will have to put them forth without me to read them for fear another word on either subject I will not.

I may, of course, be accused of intolerance, and although the charge is unjust, for I have not proposed to ban any further books on this subject, it is and all that unjust as I certainly would ban them if I had the power. Still, I haven't, and therefore speak only for myself. And what I say is that I am sick right up to death of hearing about these people and their thoughts and their troubles and their love-affairs and their books—most of all their books—that far too much is already written by far too many people on far too many subjects and that it would be a good idea if the quantity diminished while the quality increased, and a chance to catch up, and that a start should be made, since it has to be made somewhere, on books about the two subjects herein before mentioned.

I have no doubt that at this very moment somebody is engaged, probably with the aid of a grant from the Arts Council and another from the University of Wales at Bangor, on a book which will seek to prove that Virginia Woolf was Maugham's illegitimate daughter and that she wrote *Of Human Bondage* and *The Waves*. I shall not read it, and would still not read it if I were convinced that its thesis was perfectly true. I do not suppose that my proclamation will stop the publisher from sending me a copy, when it appears, for favour of review, but it will make no difference to me. I am off them both, and for good. © Times Newspapers Limited, 1980

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### Tory daughters' day of action on the boards

On the TUC's chosen day of action, a highly select band of Tories will be doing glad rags at the Hurlingham Club in a veritable fashion parade of defiance. The event, which has been in the planning even longer than the TUC's little scheme to lay the nation to rest, is a fashion show in aid of Conservative Agents' Benevolent Association, and the models will all be Conservative parliamentarians' daughters.

Mrs Julian Ridsdale, wife of the MP for Harwich and organizer of the show, tells me it was not enough for her mannequins in the TUC's little scheme to lay the nation to rest, is a fashion show in aid of Conservative Agents' Benevolent Association, and the models will all be Conservative parliamentarians' daughters.

Others include Amanda Colvin, who is not only the daughter of Michael Colvin, MP for Bristol North-west, but also one of Sir Geoffrey Howe's secretaries. Mrs Ridsdale has secured the services of the still-personable Tim Brinton, MP for Gravesend, as compère the was

an ITN newscaster a couple of decades ago, you may remember) no suitable Tory gent has been found to show off Savile Row sulking for men. That is being left to professionals.

### East End Opera

While inflation may be causing despondency at Covent Garden and the Coliseum, lesser known companies are embarking blithely upon the grandest of grand operas. On the same day last week that I noted the Southgate College production of *Giordano's Andrea Chénier*, the improbably named East End Opera made its debut in the equally unlikely surroundings of the Mile End Road. Not only that but it plunged straight into the deep end with one of the longest and most demanding works in the entire repertoire, Wagner's *Die Meistersinger*, sung in German.

Its producer, John Ramsden, tells me that the group was assembled for this one purpose, and at present has no other productions in view. It is described as semi-professional, which means that the leading singers, some of the orchestra and some of the designers are paid; the remainder, including the chorus, the conductor, Stuart Elliott, and Ramsden himself, are amateurs.

Its uncertain future is due partly to the fact that some of its leading lights are about to disperse. Sue Colwell, the technical director, is going to work in America, and a pianist is entering the church. But it would be most unfortunate if we let it go, and didn't do anything else. Ramsden says.



### No Gaiters

There is nothing new under the sun, not even the curious correspondence about an appropriate name for the Rector of Barton-le-Clay's horse which has been appearing at the bottom of the opposite page. There was a not dissimilar saga at South Mimms, Herts, as long ago as 1926, which prompted *The Times* the day to publish one of its elegant fourth leaders on the subject. It began when the annual parish meeting demanded to know why it was obliged to shell out 18 shillings every year for the archdeacon's visitation. The money, they were told,

which had been paid since before anyone could remember, was for stabling and feeding the archdeacon's horse. In that case, the parish meeting resolved it was going to pay the archdeacon for a horse, he must arrive on one.

But, said *The Times*, the archdeacon had no horse, or if he did he had never been known to enter South Mimms on it. "He is as likely to arrive upon a hippogriff, or driving the lynxes of Dionysius." However, he must be provided with one.

"It must not look as if 18 shillings a year were all it had to live upon... on the other hand, the horse must not be so gay a beast as to suggest that the 18 shillings had all been spent at once in an orgy of oats and bran mashes." The newspaper suggested a mule, an animal of suitably Biblical pedigree.

Whether the archdeacon ever did ride, John Wayne style, into the dusty main street of South Mimms, I cannot say. But there was common consent that the name of the horse should be named Gaiters.

### In car J. R.

Researchers at Leeds University's distinguished department of linguistics have come up with a perfectly appalling invention. They have proved that it is theoretically possible to receive the soundtrack of *Coronation Street* and, even worse, *Dallas*, on a car radio.

The possibility is discussed in the current issue of the

learned journal *International Broadcasting* by two Leeds lecturers, Rene-James Hérail and Edwin Lovatt. Their studies have led them to speculate about a logical extension of the Leeds system for Teletext, a system which displays visual information on a television screen.

From pictures without sound, it has become a short step for the boffins of Leeds to invent a system of sound without pictures. They have even given it a name: Telesound. Hérail and Lovatt say that it is technically possible, and that car drivers could soon enjoy "reassuring and habit-forming" programmes like *Crossroads*. The Leeds researchers' conclusions stem from a wider study of television viewing habits, which seem to cast serious doubt on the figures which the television industry itself uses to measure its audience. Television sets, according to the Leeds survey, are switched on for many more hours than the viewers actually sit in front of them.

Clement Freud, the Liberal MP, wandered into the committee of the Social Security (No 2) Bill yesterday and almost immediately rasc. He was waved down by Patrick Jenkin on the grounds that he had not been there for the first time. Freud sat. Within a minute he was on his feet inquiring, now that he had been there a little longer, whether the Secretary of State would give way. Speechless, Jenkin yielded.

Alan Hamilton





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## AGAINST THE PUBLIC INTEREST

Lord Denning, this time, is on the wrong side. The effect of his judgment, and that of his colleagues in the Court of Appeal in the British Steel action against Granada Television, is to give protection to those who may have something to hide, contrary to the public interest. It places a narrow private interest ahead of the public's right to know about an issue of national importance. It would make the task of an investigative journalist immeasurably more difficult. Informants would be far more unwilling to provide information to the press and television. The inevitable result, unless the decision is reversed by the House of Lords, will be that corruption, incompetence and unnecessary secrecy will flourish, and that the truth will be that much more difficult to reach.

Journalists, rightly, do not have any legal immunity from disclosing their sources of information. The courts have the right to take the view that the public interest in generally unholding the secrecy of journalistic sources has been outweighed by the public interest in justice being done in particular proceedings.

It is reasonable, for instance, to insist on disclosure if knowledge of the informant's identity is an important factor in deter-

mining the guilt or innocence of a person accused of a serious crime. A journalist should not be entitled to remain silent when he has important evidence that could affect the course of a criminal trial. Nor would that principle be limited to cases where an accused was in danger of losing his liberty. It would apply, for instance, in cases involving national security.

It is also not difficult to conceive of examples where the enforcement or assertion of an important civil right by a party to litigation can depend on the publication of a source of information which a journalist would prefer—or has given an undertaking—to keep secret. In such cases, it is right that the court should have the discretion to order that disclosure of sources be made. All these, however, are examples where the piercing of journalistic immunity is necessary for the just determination of a particular legal dispute.

The British Steel case, however, does not raise such principles. BSC wanted the journalist's source to be disclosed, not because such information would be important to the result of litigation in which the company was involved, but so that the person who had leaked the document could be

disciplined, probably by being dismissed. No doubt it is important for BSC to discover the identity of its Deep Throat, but that is an internal matter, and it should not be the responsibility of the courts to help the company put right its difficulties over staff loyalty. That cannot be a public interest so substantial as to outweigh the public interest in journalists having the general right to protect their sources.

What Lord Denning has done is to lay down a new test, based on whether a court thinks the journalist or his employer has acted properly and responsibly: "If a newspaper should act irresponsibly, then it forfeits its claim to protect its sources of information." That is neither a logical nor a necessary criterion. It would mean that a potential source, even one who revealed a relatively innocuous piece of information, would be at risk of having his identity divulged because his contact was adjudged to have acted irresponsibly. The courts are far from being the best judges of what is responsible journalism. Their task should be to determine the balance of public interest, not to judge journalistic ethics. The Court of Appeal has done a disservice to the cause of press freedom.

## SWEDEN'S FALL FROM GRACE

It is curious that Sweden which has so often been held up as the model of a modern state should now be suffering its worst industrial troubles at least since the general strike of 1909 and certainly the worst anywhere in the western world at this time. A look-out in the private sector and strikes in the public sector have brought economic chaos, and there may be worse to come. To make the prospects still more ominous, there is bitterness going beyond the strength of feeling to be expected in any major industrial conflict.

This is so contrary to what one expects of such a normally placid and ordered country that it is natural to seek some exceptional explanation. But it would be wise to look for an answer to conditions in both the economic and the political spheres. For years most Swedes were accustomed to steady improvements in an already high standard of living. The performance of the Swedish economy has been one of the miracles of the postwar world, owing much to the constructive and enlightened spirit in which the trade unions exercised their influence. It is sometimes mistakenly thought in other countries that their attitude during these years was characterized by a notable restraint. On the contrary, it was characterized not by restraint but by a desire for

expansion. They wanted companies to be profitable, so they did not operate many restrictive practices, but they did insist upon securing a large share of those profits for their members.

What has now happened is that the international conditions for further rapid expansion no longer exist. Shortly after the non-socialist coalition that now governs Sweden first came to power in 1976 the country was hit by economic storms. It recovered surprisingly well and by 1978 had a trading surplus once again. But the further increases in oil prices, which are particularly damaging for a country with such limited energy resources of its own, brought about a large deficit last year. Exports in the early part of this year showed a distinct improvement. But even before the present dislocation a record budget deficit was forecast and it was clear that there was no room for substantial wage increases if the country was not to be plunged into further economic difficulties.

That would have been hard enough for the unions to accept under any political conditions. Their members were restive after a few years of unaccustomed restraint. But the unions are particularly reluctant to respond to calls for moderation from the present government. A non-socialist administration cannot

by its very nature be as close to the unions as the Social Democrats who ruled Sweden for 44 years before their defeat in 1976. It cannot exercise the same quietly effective pressure upon union leaders behind the scenes. But the present government is hampered by its own internal weakness as well.

From the time it first took office in 1976 it has been an uneasy partnership. The lack of confidence between the three parties involved—the Centre Party, the Conservatives and the Liberals—arose specially, though not solely, from their differences over nuclear energy. That caused the break-up of the coalition in 1978, and from then until the general election last September the country was governed by a minority Liberal administration. But it was only with the referendum in March that the nuclear issue was resolved, at least for the time being.

This weakness has reduced the government's authority in the present crisis and encouraged the Social Democrats to call for its resignation. By doing so they have enlarged an industrial dispute of grave proportions into a political conflict as well. So what is now at issue is both whether the Swedish economy can be kept on an even keel and whether a democratically elected non-socialist government is to be allowed to continue in office.

## TERRORISTS CANNOT BE DIPLOMATS

The end of the Iranian embassy siege has been widely welcomed as demonstrating that foreign terrorists cannot operate with impunity on British soil. It certainly is to be welcomed for that reason, but obviously one cannot assume that in itself it will be enough to deter any further such activities.

An area of particular concern is the means by which weapons for these activities are imported or obtained. In many cases the weapons used have been of a type not easily secured in Britain, even from clandestine sources, nor easily smuggled through customs by ordinary individuals. There is at least a very strong suspicion that some of them are being brought in under cover of diplomatic privilege, and that foreign diplomats accredited to Britain are in fact aiding or abetting terrorist activities. It was for this reason that in 1978 the Government ordered five Iraqi diplomats, along with six employees of Iraqi state-owned enterprises, to leave the country, shortly after the murder in London of a former Iraqi prime minister.

Suspicion again falls on Iraq in the case of the Iranian embassy siege, because of the current hostility between the two governments and Iraq's publicly

proclaimed support for the Arabs of Khuzestan whose cause the terrorists were trying to promote. So far as is known there is as yet no definite evidence of the Iraqi embassy's involvement, but should such evidence come to light during the interrogation of the surviving terrorist, the Government should not hesitate to repeat the action taken in 1978.

Meanwhile there is the problem of the Libyan "people's bureau", as the embassy has been christened itself since last September. There is a good deal of evidence that members of this novel entity have been involved in the campaign of intimidation, arson, kidnapping and murder to which Colonel Gaddafi's opponents in London have been subjected in the last few months. A visit to Libya by a senior Foreign Office official, Sir Anthony Acland, seems to have had no effect, since it was after it that Colonel Gaddafi issued his "final warning to remnants of the bygone regime and elements of the defeated society of exploitation currently living abroad", that if they did not return they were "doomed wherever they might be".

It may be difficult, as the American government has found, to apply the usual diplomatic procedure of *persona non grata* to people who do not acknow-

ledge their diplomatic status. But if they wish to be considered as ordinary citizens, and if the government has good reason to believe they are involved in breaches of the peace, then it has the power to deport them.

Of course Libya is a country with which we wish to maintain good relations, both for commercial reasons and for the sake of the British community there. But good relations can be maintained only on the basis of mutual respect, including respect for each other's law. Action against the "people's bureau" would not be justified simply on the grounds that it represents the Libyan government. But if any member of that bureau is involved in acts of terrorism in Britain, then he or she has no right to expect to remain here in any capacity.

There is also the more general question of the prevention of importing weapons in the diplomatic bag. The Vienna Convention rules out the opening of the bag, but does not mention the possibility that its contents might be X-rayed or screened electronically. The governments of the European Community have for some time been considering the use of such methods in the interests of preventing terrorism. The idea should now be taken up again, and with greater urgency.

## Broadcasting in Welsh

From Mr Raymond Garlick  
Sir, The Times profile of Mrs Thatcher (May 5) reports her as saying: "There is not one single principle that we have gone back on and I hope there won't be because the manifesto was very carefully drafted for principle."

That manifesto endorsed the principle of the concentration of Welsh language television on the new fourth channel in Wales. The Government reiterated the principle in the Queen's Speech. It has been gone back on.

Yours faithfully,  
RAYMOND GARLICK,  
30 Glamant House,  
College Road,  
Carmarthen, Dyfed.

## Somali refugee crisis

From Mr Louis Fitzgibbon  
Sir, I have discovered that there are now about one million refugees in

Somalia of whom about 600,000 are in camps while the rest are "living free". News has also reached me via my brother, Constantine, that the Irish Government has already contributed unilaterally to the EEC Somali refugee relief fund and, further, is now giving urgent consideration to making a bilateral donation to Somalia in this matter.

It is, of course, understood that calls upon our national purse are many and varied, but as one who has served in the Office of the United Nations High Commissioner for Refugees, I would hope that we could consider making at least some obligation to show that we are not ignoring a people who, in the past, have done a lot for us.

Yours truly,  
LOUIS FITZGIBBON,  
Langstone Towers,  
Langstone,  
Havant,  
Hampshire.  
May 4.

## Realism on shop floor

From Mr J. Moss  
Sir, Mr Walker Goldsmith of the Institute of Directors (April 22) spoke of realism on the shop floor to be achieved by the ballot.

Apart from a ballot to strike or not would he also ballot for better lighting, for less noise, for a cleaner work environment, for more heat or less, for a place to eat, or hang ones clothes—on safety provisions on whether somebody should be sacked or not. There are some of the matters that daily are dealt with by stewards.

There is no reason to suppose that ballots will remain the prerogative of the employer for the reasons he chooses without concern for such reasons as the workers find it necessary for themselves.

Yours faithfully,  
J. MOSS,  
14 Jockys Fields,  
Holford, W.L.  
April 29.

## Striking a balance in the EEC

From Lord Gladwyn

Sir, Though Mrs Thatcher's tough line at Luxembourg was welcomed by a large majority in the House of Commons, and possibly in the nation, you were quite right to condemn it as misguided (April 30).

Why turn down a highly satisfactory offer to reduce our subscription from £1.150m to £325m for one year because it would be subject to renegotiation thereafter? When the Common Agricultural Policy runs out of funds—as it will—at the end of 1981, a renegotiation of the whole financial structure of the EEC, including farm prices, will be inevitable anyhow.

Holding up current business and threatening, if necessary, to withhold VAT unless we get an even better lead and full satisfaction on prices, accordingly makes little sense. If we eventually do break the Treaty in this way, the Eight may well retaliate by repudiating the "Luxembourg Compromise" and putting up the price of food without our consent. In either event it would mean the end of the Community of Nine. No doubt this would be greeted with joy by patriots ranging from the National Front to the Tribune Group. But squabbling, on what may be the brink of war, over a tiny sum representing about 0.02 per cent of our gross national product—hardly a reason for which to break the Luxembourg Compromise, we could exercise a veto—is an irresponsible gesture on the part of someone who still professes to be strongly in favour of European unity.

Yours faithfully,  
GLADWYN,  
House of Lords.  
May 1.

From Mr Terence Bishop

Sir, At a time when the European Community presents a depressing picture, the world of Sir Peter Vaneek's contribution to your columns (April 30) is untimely. As he says, defence is not excluded from the Treaties but to suggest that its inclusion would help to redress the Budget imbalance and provide evidence of a unity of purpose is unrealistic.

As a MEP he will know that the question of the role of the Com-

munity in defence matters is viewed very differently over the spectrum of political parties in the Nine. For example, there are many on the left in Europe who support the Community in principle but who would have grave reservations about a unified defence policy for the Nine. To push the issue now would further weaken their position vis-à-vis colleagues who would prefer a more fragmented Western Europe within or without the Nato alliance.

Again, Sir Peter fails to acknowledge that national approaches within the Nine differ. Only seven can be said to be full operational members of Nato since France stands partly to one side and the Irish Republic has never joined. In Greece, which will join the Community in 1981, Nato membership is a major domestic issue and linking this to the Community now will not make the permanent integration of that country with the Western European democracies any easier. Of the other candidate countries, Spain is not a member of Nato and Portugal can apparently reconcile its role as a member with attendance at the 1979 Havana meeting of the non-aligned.

To be realistic, let the Community consider further "low level" initiatives such as joint purchasing policies and equipment standardisation before embarking on an ambitious enlargement of the Community's role which can only be divisive at a time when problems which are clearly within the competence of the Treaties lie unresolved.

Yours faithfully,  
TERENCE BISHOP,  
76 Whitlington Road, N22.  
May 5.

From Mr J. O. Jones

Sir, In his letter in The Times today (May 1), Mr Hugh Dykes states that if we had retained our own pre-1973 farm support system, this would now cost about £1,500m, ie more than our total net payment (to the EEC). However, amounts spent under our pre-1973 farm support system were a redistribution of money within the UK: our net contribution to the EEC budget is a payment from the UK.

Yours faithfully,  
J. O. JONES,  
Dunington House,  
Little Clarendon Street,  
Oxford.  
May 1.

From the Director, United Kingdom

Immigrants Advisory Service  
Sir, In view of the extreme difficulty for aliens to obtain permission to work in Britain, may we have an assurance that the Department of Employment has approved a work permit for the new Chairman of British Steel and that the correct procedures were followed of advertising the post and a work permit only being granted if the Department of Employment has been satisfied that no suitable candidate for the post was available in the United Kingdom?

Yours faithfully,  
JOHN ENNALS,  
United Kingdom Immigrants  
Advisory Service,  
Brentnham House,  
Savoy Street,  
Strand, WC2.  
May 2.

From Dr P. H. Kemp

Sir, Sir Keith Joseph seems to have lost a unique opportunity to demonstrate his belief in enterprise, initiative and profitability. Without doubt Mr McGraw and his associates should not have been offered a transfer fee, but a percentage of the profits of British Steel during his term of office.

Yours faithfully,  
P. H. KEMP,  
Round Hill Lodge,  
Hockering Road,  
Woking,  
Surrey.  
May 7.

## Education in London

From Mr W. D. Lovatt

Sir, The Inner London Education Authority's annual colour magazine, which lists its pupils and students well. Your editorial of May 2 was disappointing in its emphasis on the first two points and its neglect of the third. As one who has seen something of both schools and colleges in inner London and in the Outer Boroughs, I have all too often been made aware of the ILEA's relatively generous provision for pupils and students and of its beneficial effect on the quality of learning experiences provided. In an inner city area where the (already complex) problems of special deprivation, of falling school rolls, it is not surprising that there are administrative difficulties and occasional educational failures as at William Tyndale. What is surprising and commendable is the calibre of the school and college staffs, the quality of classroom and seminar room work, and the level of achievement of so many of the pupils and students despite inner city conditions.

## A phrase from the Creed

From Mr David Gwynne

Sir, Now that the Archbishop of Canterbury's omission of the *filioque* phrase from the Creed at his enthronement has been welcomed by the leader of one of the Orthodox churches, the Church of England, while not wishing to jeopardise the movement towards unity, might be allowed to say why the omission is wrong.

Paradoxically, the argument must begin by acknowledging that the Archbishop's decision has the force of truth to support it. Each Member of the Holy Trinity is autonomous and self-dependent, while being co-existent with the others: it is not a part like a slice cut out of a whole, but a whole within the whole. That is one of the great mysteries of the Christian teaching. The Holy Spirit may be described as the power of God, immanent in the world, directly accessible to men. Reason tells us that, since God is the unchanging principle of the universe, this must always have

been so and, indeed, we see the Holy Spirit at work in the Old Testament, notably in the giving of the Commandments to Moses. Hence, "filioque" should go.

However, the Creed is not only a statement of what is, it is also a proclamation of how the power of God becomes accessible to the faithful. Just as the Apostles were "given" the Holy Spirit by Christ at Pentecost, so the modern Christian comes to know the Spirit through the teaching of Christ in the gospels, and through worship. In this practical sense for us as individuals, the Holy Spirit "proceeds from the Father and the Son".

The Holy Spirit is not exclusive to Christians: it can be, and is, experienced by anyone who is in receipt of a true religious teaching. For us, Christ embodies that teaching.

Yours truly,  
DAVID GWYNNE,  
Flat A,  
23 Sydney Road,  
Richmond,  
Surrey.

## Life under the communists

From Ms Diane Waller

Sir, I was surprised and alarmed at the contents of your leader column ("May Day! May Day! May Day!"). May 6, for a newspaper which has prided itself on trying to present a true picture of world affairs, it interests me why you have chosen to allow yourself to be seduced into the currently fashionable Soviet Union bashing and, furthermore, have extended a similar upbraiding to communist countries throughout the world. Could it be that your lead writer is so frightened to acknowledge the achievements of, say, the Soviet Union, in human, scientific and cultural terms, that he resorts to a biased, pulp-magazine tirade worthy only of lesser journals and based (it would seem) on a minimum of knowledge and understanding of any one of the countries he berates?

There are some statements in particular for which no proof whatsoever is available: Russian Jews do not suffer extreme discrimination in education, employment and religion as a glance at current statistics would reveal. In fact, there are more Jewish students per 10,000 of the population in higher education than any other racial group. It is stated within the Soviet constitution that any discrimination on the grounds of race or nationality is punishable by law. This has been law in the Soviet Union rather longer than it has in Britain. But then discrimination (against women, blacks, ex-mental patients, etc.) doesn't exist here. Or does it? The reference to Bulgaria assassinating its émigrés is totally unproven and would seem to be based on too much reading of low level spy stories.

But the statement which really grates is: "Russian agriculture is less productive today than it was in the time of the Czar". Production then was achieved as a result of true slave labour, the peasants being oppressed in such a way that they were at the mercy of the landlord and were often on starvation level. The condition of the Slav peasant under serfdom has been well documented elsewhere and could be studied by your writer. Certainly a tiny percentage of the population were rich and enjoyed a lavish culture, but not too many of the peasants benefited from their harsh labour.

Life in the Soviet Union may be tough by the standards of citizens in Southern England, but you will not find the squalor, depression and vice in any of its cities that you find in many western (or eastern) capitalist countries. And talking of gangsters, you can walk through the streets of Sofia (capital of Bulgaria) at any time of day or night without fear of being mugged. This

applies equally to men and women. This is without the presence of a vast police force. One can travel on the buses and trams until early in the morning. Public transport is almost free, as is accommodation, telephone and electricity, so most of your wages could be spent on food (cheap) and consumer goods (expensive) and travel, which is cheap within the East European block and expensive outside it.

This leads us to the privilege shops. I imagine your writer means the foreign currency stores which are something like our duty-free shops. True, you can only buy there if you have foreign currency, which most Soviet citizens don't, and that is unfortunate, perhaps. The Bulgarian version are called "Corrcom" and are always full of Bulgarians buying the sort of things they could get in ordinary stores, but with dollar or other foreign currency bonds received as gifts or for work done abroad. At present, a very fashionable item on sale is Smirnoff vodka, followed closely by Schweppes tonic and instant coffee. It may be that most of the ever-increasing membership of the institution known as the "dole queue" would be glad to trade "privilege store" these days. But of course they can always window-shop.

About Afghanistan: there are always two ways of looking at an invasion. One would claim to be "helping" or "freeing" the other to be "destroying". At least they did not napalm and defoliate the population in the name of freedom.

I am sure that your writer is right in one thing: we should use May Day to reflect on the conditions of our own society and also on communist societies. But please let it be with the aid of more informed sources than your writer has encountered thus far. I consider an immoral use of an influential position to perpetrate unproven and indefensible statements in the leader column of The Times, and to stir up mistrust and even hatred of societies which have struggled with immense problems against much outside interference, as well as having to cope with a legacy of extreme poverty, illiteracy, disease, and harsh climatic and environmental factors in most cases. These societies are not complacent and recognize they have far to go. I do not think we in Britain should continue to project our own dissatisfaction with ourselves in this dangerous way.

Incidentally, I am not a dupe of the Soviet tourist thought control. Yours faithfully,  
DIANE WALLER,  
10 Lincoln Street,  
Brighton.

## Iran Embassy siege

From Lieutenant Commander

J. A. Long  
Sir, It was vividly brought home to all of us viewers, suddenly wrenched from the Crucible Theatre to Prince's Gate on Monday evening, how unimportant even the most enthralling of games is in comparison with real life—and death. I hope that those responsible for making decisions on the Olympics were among our number.

Yours faithfully,  
JAMES LONG,  
The Beltry,  
Yarcombe,  
Roxton,  
Devon.

From the Reverend Henry G.

Pearson  
Sir, I am disturbed that the BBC should choose to interrupt normal programmes to present live coverage of the embassy siege, especially as the programme would have been seen by a large number of children. There is a world of difference between presenting "past" news, which of course is edited, and presenting "present" news which includes any number of horrific events for the viewer's digestion.

I do not wish that we should be sheltered from the harsh realities of life. But for the sensitive few live coverage of some events may cause great anxiety and for the many such live coverage may encourage the wrong degree of excitement with all its thoughtless sentiments.

Of course live television can be the best viewing because it presents things as they really are. But the question must be asked as to what criteria are being used to decide which of the more unfortunate

events of our times should or should not be presented live to the viewer. Although I would disagree with the BBC in deciding to go ahead with live coverage of this event, I must add that the reporting of the actual happening was in my view factual and responsible. Yours faithfully,  
HENRY PEARSON,  
Holy Trinity House,  
Timus Drive,  
Tilbury,  
West Sussex.

From Mr Roland Bird  
Sir, Your report on the rescue of the Iranian hostages talks of "the executions of two of the hostages".

It is deplorable that The Times is slipping into the misuse of this word, instead of "killing" or "murder". It means the infliction of capital punishment in pursuance of a judicial sentence, and cannot properly be used to describe a revolting crime. Yours faithfully,  
ROLAND BIRD,  
22 Coneydale,  
Welwyn Garden City,  
Hertfordshire.

From Mrs Jean Innes

Sir, If the Iranian people feel such gratitude towards Britain for our rescue of the embassy hostages, perhaps they might like to give it a more concrete form by releasing the hostages they hold. Yours sincerely,  
JEAN M. INNES,  
Brandon,  
Hook Heath Road,  
Woking,  
Surrey.

## Ballast to the mind

From Mr David Hardman

Sir, In 1919 or 1920, I forget which, I was called out on strike. During the week a local attempt was made to organise a procession of protest. It failed because strikers preferred to work on their allotments, railway men being renowned, as they are now, for their horticultural prowess. Perhaps Mr Moss Evans, Mr Len Murray and other trade union leaders will do the same on May 14, for as Thomas Hardy once wrote, describing earthy contact with Egdon Heath, such brings "ballast to the mind, a drift on change and harassed by the irrepressible new".

I remain, Sir, Your obedient servant,  
DAVID HARDMAN,  
Bankfield, Hurstpierpoint, Sussex.

## Horse sense

From Mr Tony Miller

Sir, Not to be outdone by the headmaster of our nearest "rival" public school, Ampleforth, I send you the following suggestion: "The Minister is at present unobtainable, he has gone to mount Zion!" Yours sincerely,  
TONY MILLER,  
School House,  
St Peter's School,  
Clifton, York.  
May 1.

From Mr M. J. Furber

Sir, Failing an acceptable name the Reverend Ian Graham-Orlebar could still prepare his sermon on the mount. Yours faithfully,  
M. J. FURBER,  
8 Rowlands Drive,  
Winchester, Hampshire.

## Infinite variety

From Mr D. C. Martin and Mr T. D. Wilby

Sir, The new "Order for Holy Communion" (also called the "Eucharist and the Lord's Supper"), Rite A from the Alternative Services Book 1980, published on May 1, is a curious beast. According to our calculations, there are at least 92,160 different permutations possible. This figure takes into account only those parts of the text which are obligatory. That is, the optional parts (numbered in blue) and the numerous notes at the beginning have not been included.

"Broad is the way that leadeth to destruction." (Matthew 7:13)

Yours faithfully,  
DAVID C. MARTIN,  
TIMOTHY D. WILBY,  
University College, Durham.

## Common task

From Mr David Mason

Sir, It is unlikely that Virginia Plenners would share Mrs Corrie's sentiment (May 6) that her husband Sir Ranulph and Mr Oliver Shepard are chauvinists. She is with them in America and I am sure she is very glad that they do not leave her to do all the manual tasks which for expedition will last for three years and include two polar crossings (hardly a camping trip for a few months) might be rather a lot for one person to handle. The three of them take it in turns while Mr Charles Burton, the fourth member of the team, plays radio games with other Antarctic stations. (Charlie did not go to Eton.)

Yours faithfully,  
DAVID MASON,  
Transpolar Expedition,  
62-72 Chiltern Street, W1.



## Social Focus

The cruel cuts  
which could sharpen  
the BBC's mind

A good deal of fuss is being made about the cuts which the BBC has had to make in its planned expenditure for the next two years. A petition currently being circulated by the National Union of Journalists and the Association of Broadcasting Staff is entitled simply "Save our BBC". The Musicians' Union has threatened to strike from June 1 unless the Corporation changes its mind over the disbandment of five orchestras.

Some people within the BBC see the cuts in rather different terms, however. Mr Alasdair Milne, managing director, television, says, "they sharpen the mind". Another member of the Board of Management says, "We are making a tremendous amount of fuss, possibly because it is the first time we have grazed our knee. But other people have fallen down and broken their legs".

Whether the cuts are seen as a major disaster or a minor irritation, however, there is general agreement that the BBC is at a turning point in its

history. The cuts have dramatized and heightened a crisis which was inevitable anyway.

The origins of the BBC's present difficulties lie in the rather cavalier treatment of the Corporation by the last Government. In 1978 it refused to sanction a pay rise which would have just breached the 5 per cent policy and insisted on arbitration. In fact, the Central Arbitration Committee awarded BBC employees a 16 per cent rise and by April, 1979, the Corporation's money had run out. At that stage, the BBC was telling unions that it would have to make 3,000 staff redundant.

To avert that disaster, Mr Merlyn Rees, the then Home Secretary, increased the Corporation's borrowing power from £30m to £100m. As a result, by last summer, the BBC had a deficit of £40m, an operating debt of £20m, and was paying about £600,000 a month in interest charges. It was partly to pay off those debts that the BBC asked the new Conserva-

tive Government for a rise in the licence fee to £40.

Although the £34 fee which Mr Whitelaw awarded last November was substantially less than the BBC had asked for, it represented a 40 per cent increase on the 1979 licence fee. The BBC will have £1,000m to spend during the two years that the new fee is expected to cover, and that, as many BBC executives acknowledge, is a very considerable amount.

Seen in that context, the £130m which the BBC has been forced to cut from its planned expenditure in the next two years appears relatively manageable. Even the reduction of 1,300 in the Corporation's 28,000 staff is likely to be achieved with less than 100 actual redundancies since the vast majority of savings will come through not filling vacancies and natural wastage.

The trouble is that the BBC has never before had to live with the experience of drawing in its horns. The outlook both of the Corporation as an institu-

tion and of individual producers and executives has been naturally expansionist. Even in the past six years, when the chill winds of economic recession began to blow, there has been considerable growth in the regions with a 30 per cent rise in staff based outside London, a major new broadcasting centre being opened in Manchester, regional television studios producing a second weekly "opt out" programme, and local radio continuing to expand.

This past legacy of virtually uninterrupted growth and expansion has bred a particular type of attitude in the BBC. As one member of the Board of Management put it, "We have seen it as our God given right to grow. The assumption is that what we do, we go on doing, and what we want to do, we do in addition. The way to establish prestige in the BBC has been to build an empire. To get promotion, you have to be a big spender. The good performer who comes in 10 per cent under budget is regarded as a mug-

The careful management of resources has just not been a respectable activity."

The shock produced by the sudden realization that the days of plenty are gone for ever has been exacerbated by two other blows which have hit the BBC with equal force in the last twelve months. The first was the development of independent local radio to such an extent that for the first time the BBC's monopoly in the field of radio broadcasting was effectively and permanently challenged.

The second was the election of a government which, in the words of one senior BBC executive, "clearly signalled that it wanted to shift the emphasis in broadcasting from the public to the private sector".

It is the challenge of serious competition in radio and of a second independent television channel as much as the need for economies which is causing some people in the BBC to be talking in terms of a crisis and others of an unparalleled oppor-

tunity. The central questions that the BBC is now facing are inextricably linked. In its financial plight, does the prospect of a national network of independent local radio stations and of ITV 2 relieve it of its responsibility to cater for a mass audience and provide a popular competitive service, or should it rather be pruning its elitist and perfectionist tendencies and concentrating more on giving the licence paying public more of what they appear to want?

Several voices within the BBC complain that these central issues were simply ducked by both the Board of Management and the governors when they took their decision about where the cuts should fall. "Departments were simply offered a series of options", one senior executive complained, "there was no feeling of an overall policy or strategy". Another said, "We have been purely reactive. No single statement or document has come from the BBC about overall policy and planning. We seem to think exclusively in terms of expediency rather than principle."

There is also a widespread feeling that in making the cuts, management and governors lost an opportunity to dispel some of the "bureaucratic fog" that the Annan report identified as hovering over both Broadcasting House and Television Centre. Programme makers have suffered, it is argued, rather than administrators.

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of TV its  
first priority

Neither of these criticisms is entirely fair. In television at least, a real effort is being made to achieve economies by reducing layers of management and shortening lines of command. Mr Alasdair Milne, managing director of television, has made that a major priority. He has already made a notable start in telescoping his senior management posts in the programme services department into one.

The cuts have also been made according to some overall policy decisions. The most important one was made clear in the Director General's message to his staff about the economies in February: "What the public associates with the BBC above all are the great network television programmes. With a new, national commercial television network starting up in 1982, clearly our first priority must be to reinforce the BBC's television network."

It is true that that priority was slightly modified by the governors when they accorded rather more importance to regional television than the BBC's Board of Management had when it originally decided on what economies to make. But although the governors have deprived some regional programmes that were to have been chopped, they endorsed the main priority as being to strengthen the two television networks. The result has been let off with the lightest cut of all (just under 3 per cent from their planned budget for 1980-82) while network radio had to face a 5 per cent cut and other departments got far harsher treatment.

The detailed implementation of the economies was also informed by another policy decision that was endorsed both by the Board of Management and the governors. That was that the BBC should continue to stay in local radio and should expand that particular area, if necessary at the expense of the four existing national radio networks.

Those two decisions, which were in fact taken some time before the award of the £34 licence fee made economies inevitable, have aroused considerable resentment among a small but significant group of staff in Broadcasting House. What this group fears is that populist competitive goals are being pursued at the expense of the high cultural standards and excellence that the BBC has always prided itself on. They point to the fact that in radio the largest single cut (£500,000) has been felt by orchestras, while other obvious targets for economy, like the recent merger of Radios 1 and 2 and the broadcasting of Radio 2 throughout the night, have escaped unharmed.

It is difficult to see how the BBC could have avoided making the strengthening of network television its first priority in allocating its resources for 1980-82. It is television that gets the lion's share of the audience and, given the nature of its funding, the BBC has an understandable feeling that unless its two channels consistently attract around half of that audience it is not doing its duty by the public who finance it. It is, however, less immediately obvious why any

further cuts in the television budget will fall, as Alasdair Milne says they must, on opera and ballet programmes. That does look suspiciously like an abandonment of cultural standards in pursuit of high ratings.

The decision to stay in and expand local radio is more questionable. Many senior BBC executives, including Mr Milne himself, openly express grave doubts about it. They feel that the national networks are the field in which the BBC shows its strength and that local radio could largely be left to independent stations, particularly since economies are going to force the BBC stations to have fewer serious features and documentaries and more music and speech sequence broadcasting throughout the day.

The opponents of local radio feel that it is a classic example of a venture that the BBC has become committed to for political rather than broadcasting reasons. It was one aspect of a more general heading rush into regionalism that took place in the 1970s without being really costed or thought out. Large and expensive new studios were built around the country, often only to stand empty or act as hosts for London based artists and programmes. "The main consequence of our great regional expansion", one cynical senior executive observed, "is that the Corporation spends a vast amount of money a year on train fares and overnight accommodation."

The defenders of local radio concede that it is a costly business. They play an important part in their thinking. If it was to be abolished, they argue, there would be an outcry from MPs who like their own local stations because they are given so much air time. But their main argument is rather different.

Aubrey Singer, managing director of radio and an unrepentant believer in local radio expansion, says: "For the first time BBC radio is not in a monopoly position. If we don't meet the competition created by ILR, we will lose our audience and never get it back. Without local radio, the networks would be like whales stranded on the beach". Peter Redhouse, assistant controller of local radio, says, "network radio is a largely unmodulated form of broadcasting".

Audience figures can be made to support both those who think the BBC should pull out of local radio and concentrate on the networks and those who feel it should be expanded. The overall radio audience has declined by about 10 per cent during the 1970s. That drop is fairly evenly reflected in BBC audience figures. The percentage of the total population listening to each network at the end of 1979 (the 1971 figures in brackets) was: Radio 1, 17 (25); Radio 2, 15 (23); Radio 3, 1.2 (1.5); Radio 4, 9.4 (20.7). BBC local radio, 4 (1). Although local radio was the only service to show an increase in audience, it is still listened to by less than half the number who listen to Radio 4. The audience for independent local radio is roughly double.

Economic considerations dictate that it is impossible to maintain both an expanding local radio service and the four existing networks. At the moment, local radio is comparatively cheap. Radio 4 is the most expensive network to run in absolute terms and Radio 3 in terms of its audience. It is a fact often overlooked by those who argue that the BBC is abandoning its high standards to join the ratings game that although Radio 3 costs per listener per hour 40 times as much as Radio 1, there remains an absolute commitment to maintain it. If, however, the BBC was to match the number of independent local radio stations, the cost would be more than that for the four national networks put together. Clearly, something has to give.

The most likely development in BBC radio in the 1980s is for the creation of four new networks, one of which will be a federal channel which local stations will opt in and out of. Aubrey Singer, who has already canvassed this idea among his staff and set up a special working party to look at it, calls it local home service. He sees the other three networks as being "a Radio 11—it is essential to keep that since it is our passport to getting the majority of young people. Radio 2 to 3, and a national news and information channel."

The likely new look for radio is a good example of how the need to cut its coat according to its cloth which the economies have forced on the BBC could lead to a better use of resources and a more rational broadcasting system. There are other signs that the BBC is responding to the cuts by taking the opportunity to curb some of its former excesses. The engineering department is now to buy more equipment off the shelf and not modify every single piece of equipment to its own precise requirements and standards.

That represents a retreat from the perfectionism that has long characterised the BBC, then that in itself may be no bad thing. As one senior executive puts it, "At a time when money was not a problem and when intellectuals were hanging about with nothing very much to do (and we've probably got the greatest concentration of under-used talent in the country), we designed complexity rather than simplicity. There has been a tendency to elabor-

ate, to indulge, to go every time for perfection. And, as far as the BBC is concerned, perfection has often been the enemy of the good."

Although the latest round of cuts may just be manageable and could even produce some benevolent, considerable financial problems still lie ahead for the BBC. Perhaps the most urgent is likely to be how to keep abreast of ITV salaries, which according to Alasdair Milne are now running from 30 per cent to 50 per cent above those in the Corporation. The prospect of comparability claims from BBC unions, and of continuing inflation at a rate higher than that budgeted for, is causing the management to look at ways of supplementing the licence fee.

Senior BBC executives are adamant that they will never fall back on advertising or commercial sponsorship. Aubrey Singer speaks for all of them when he says: "I do not believe the whole of broadcasting should be financed by the ethos of commercialism". But serious consideration is being given to setting up a special pay-TV channel which would give subscribers feature films and other major attractions ahead of ordinary licence fee payers.

BBC Scotland and BBC Wales are both actively exploring the possibility of local authorities paying at least the capital costs of new local radio stations in their areas. In Scotland local authorities are also being asked to finance education programmes. There is, however, a reluctance in the BBC as a whole to accept money for the programmes from any local authority. The English local radio stations were originally set up with local authority money contributing to their running costs, but that source of funds was dropped after a case of attempted political interference.

Ultimately, the BBC knows that its main source of finance must continue to be the licence fee. Alasdair Milne says that the amount raised from new Pay-TV channels and from a greater concentration on co-productions will only be marginal. He is sceptical of the benefits that might accrue from establishing an independent review body to fix the licence fee in line with inflation and the BBC's needs, fearing that the Government would simply over-ride it.

What the BBC would like most of all to impress on its political paymasters is that rises in the licence are nothing like as unpopular with the public as they think they are. Mr Milne says that in the past eight public meetings he has attended about the BBC, the subject of the licence fee has not come up once. Most people, it seems, are only too well aware what good value it is to get two colour television channels, four radio networks and a local radio service for only ninepence a day.

Sir Michael's  
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the BBC

The most controversial suggestion so far about the future financing of British broadcasting has been that made by Sir Michael Swann, the retiring chairman of the BBC, that there should be a levy on the turnover of the ITV companies. It was met by predictable outbursts of anguish from the commercial television bosses who complained that to create "an equality of misery" was not the way to solve the BBC's problems.

Sir Michael's remarks reflect a deep and wholly understandable sense of grievance in the BBC which arises from the heaviness of the burden that it has had to carry for so long on its own shoulders. As a direct employer of far more musicians than any other broadcasting organization in the world, it is a major patron of the arts. Yet it receives no special recognition or help for this aspect of its work which goes far beyond its strict responsibilities and requirements as a broadcaster. It also spends a good deal of time and money training technicians, producers and journalists, many of whom leave after a few years for jobs in the more lucrative commercial sector. Yet there has never been any suggestion that ITV should set up its own training centre or help fund the BBC's efforts.

Perhaps it is time for the Government either to decide that the BBC should exist purely and simply to broadcast and relieve it of its other responsibilities, or if it wants to continue them, to give it the money to do so.

Ian Bradley

**Forecast: Wet and Dry.**

When you come to think of it, rain has much to recommend it. Forced to remain indoors, one relies on one's own resources. Which, with a bit of foresight, should include plenty of ice and Martini Dry, with its clean, fresh blend of fine wines and herbs.

Thus, every raincloud has a silver lining, because when it rains, it pours.

**MARTINI** Extra Dry.

The right one. Just by itself.

Only carefully selected wines, herbs and spices are good enough for the world's most successful drink.







# Gilts down on bank figures

§ Forward bargains are permitted on two previous days.

هكذا من الأصل



Sir Keith's  
unusual  
arithmetic,  
page 27

Stock markets	
FT Ind 439.7	down 5.5
FT Gilt 67.84	down 0.41
Sterling	
\$2.2820	up 20pts
Index 73.0	down 0.2
Dollar	
Index 85.7	down 0.1
DM1.7853	down 50pts
Gold	
\$510.50	down \$2
Money	
3-mth sterling 16½ to 16¾	
3-mth Euro \$ 10½ to 11½	
6-mth Euro \$ 10½ to 11½	

## IN BRIEF

## Shipbuilders agree to voluntary job cuts

British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions have agreed to 3,000 voluntary redundancies in state-owned yards as part of the wages and restructuring agreement worked out in Newcastle upon Tyne two months ago.

They are due to begin on June 9 and to be completed by June 30. According to the scheduled programme of redundancies sent by Mr Brian Thomas, British Shipbuilders industrial relations director, to Alex Ferry, CSEU secretary, the north-east of England is worst affected with 10 British Shipbuilders subsidiaries facing 1,085 redundancies; north-west yards are to lose 760 jobs and Scotland 810.

Goole Shipbuilding and Brookes Marine in Lowestoft face 115 redundancies; Vosper Thornycroft of Southampton and the Appleby yard in north Devon have 230.

### Electrical imports up

Imports of electrical appliances are continuing to rise, amounting for 29 per cent of deliveries to retailers in the first two months of this year, compared with 27 per cent in the same period last year. The home market showed a volume increase of 8 per cent in February.

### £12.5m forge opened

A new precision forge, the largest of its type anywhere in the world, has formally been commissioned at the Sheffield works of Pirelli Brown. Together with advanced heating, handling and processing facilities in a special building, the forge has cost £12.5m.

### Savings withdrawals

The National Savings Bank is to double its over-the-counter withdrawal limits. From the beginning of next month, ordinary account holders will be able to withdraw up to £100 demand from any of the 20,000 post offices throughout the country.

### Chemicals prospects

Chemicals output in the United Kingdom during 1980 will fall by 5 per cent according to industry forecasts. At the same time, rising costs will ensure that existing, inadequate profit margins will be squeezed still further, says the Chemical Industries Association.

### Kodak decision

The Eastman Kodak Company shareholders have defeated a proposal which would have split the company into two. They also rejected a call to end Kodak's operations in South Africa.

### Unemployment falls

Belgian unemployment fell to 29.958 or 7.3 per cent of the working population in April from 301,781 or 7.4 per cent in March, the Labour Ministry says in Brussels.

### French nuclear plans

France plans to build two new 1,500 megawatt fast breeder reactors every three years up to the year 2000, M Michel Hug, Electricité de France plant division chief said.

## US bankers predict easing of credit rules as Chase cuts prime rate to 17 pc

From Frank Vogl  
Washington, May 7  
The Federal Reserve Board may soon take further steps to ease credit conditions in the United States, according to New York bankers. Today Chase Manhattan Bank cut its prime lending rate to 17 per cent from 18 per cent and other short-term money market rates fell sharply.

The Commercial Credit Corporation said that the prevailing five-day commercial paper rate fell by 2 per cent to 8 per cent today, while the 15-day rate fell 1 per cent to 9 per cent and the 30-day rate declined by 1.125 per cent to 10 per cent.

Mr Donald Woolley, chief economist at Bankers Trust, said that the psychology of the money markets had changed dramatically and this was an important factor in the sharp interest rate falls.

Expectations of still lower interest rates and an easing in monetary policies were raised today by the Federal Reserve Board's decision to abolish the discount rate surcharge of 3 per cent levied on large banks. The Fed imposed the surcharge on March 14, taking the borrowing rate to 16 per cent. The discount rate for all banks is now 13 per cent.

The Fed said that this move was not to be viewed as an easing in policy, but merely an attempt to bring its discount rate into line with prevailing

money market rate levels. However, in the markets the opinion is spreading, boosted by the sharp rise in unemployment and gathering indications of a sharp recession, that the Fed may have decided that it has gone too far in restraining credit.

"The Fed must now be worrying about overkill," Mr Woolley said. He added that it was difficult under today's weak economic conditions to make a case for the Fed's mid-March decision to impose consumer credit restrictions and call for voluntary bank lending restraint, with loans to businesses not to be increased by more than 6 to 9 per cent. He expected the Fed to lift these restrictions soon.

Earlier this year the prevailing mood in the markets was that inflation was getting worse, the economy was not moving into a recession and that interest rates were certain to go much higher. The result was that there was barely any demand for the Treasury Bills when they hit 15 per cent. However, now everything was different.

Now there was a virtual stampede to buy Treasury Bills at 10 per cent, Mr Woolley said. There was a feeling that the recession was going to be severe and that the Fed policy was going to slow inflation. There was the belief that interest rates would move down further. Against this background

loan demand was low and rates were falling fast.

"As usually happens markets run ahead of themselves," Mr Woolley said. Like many other economists he believed that rates might indeed have fallen too far. However, he expected the wholesale price figures for April to show a monthly advance of no more than 0.75 per cent, compared with a rise in March of 1.4 per cent and he expected this would strengthen convictions that the corner was being turned on inflation.

If this view prevailed, the dollar might stabilize but Mr Woolley saw some problems. He believed that as the recession deepened so the Fed would face mounting political pressure to ease its policies and if the Fed bowed to these pressures, the dollar could fall sharply.

He expected the economy to decline in real terms by 3.5 per cent between the start and end of the recession. Falling United States interest rates undermined the dollar yesterday in the Far East and in Europe. Eurodollar rates have now eased to within one per cent of parity with Deutsche marks. This has brought increasing pressure on the dollar.

However, central bank intervention helped to bolster the dollar later in the day, and it closed only 60 points down at DM1.7853. The pound closed 20 points up at \$2.2820.

## Republican hopeful spells out views on money policy Gospel according to Mr Reagan

Mr Ronald Reagan is disturbed by the high level of United States interest rates, which he blames for pushing several key industries into what he calls a depression. He believes the Federal Reserve Board may have tightened monetary policy too much.

Primary election results in several states yesterday took the former governor of California closer to his initial goal of becoming the Republican party's candidate in November's presidential election. Mr Reagan is widely viewed as a conservative, but there are indications of a move toward greater flexibility in his economic policy positions.

In an interview with the *Wall Street Journal*, he refused the opportunity to speak in favour of tough monetary policies, indicating perhaps that Dr Milton Friedman is not as influential with the candidate as even Mr Reagan has frequently suggested.

"When asked if as president he would keep Mr Paul Volcker as chairman of the Fed he said:

"Well, I'd like to know more about the man before I give an answer to that."

And in response to a question on the central bank's efforts to slow money supply growth, Mr Reagan said: "Maybe it should not have been done as drastically as it has been done."

Congressman Jack Kemp of New York, Professor Arthur Laffer of California and Mr Jude Wanniski, an economist, have all been widely seen as important policy advisors to Mr Reagan and they all believe in the rapid establishment of a gold standard for the worldwide currency system. Mr Reagan said he had not made up his mind on this point.

His answer lends support to a view from his close advisers that increasingly the Kemp-Laffer-Wanniski team is losing influence to Mr William Simon and Mr George Schultz, two former secretaries of the treasury. Mr Reagan said he was asking experts to study the gold question.

Mr Reagan commented on restoring a gold standard that

"It has to wait for some of these other things we've done first, more stabilizing of the money value, the economy, inflation, before you could do this, because gold is a kind of a wild card right now."

The Republican candidate has repeatedly been calling for a 30 per cent tax cut over three years, using the Kemp-Laffer arguments that lower taxes will stimulate economic activity and generate more tax revenues to the Treasury than high tax rates.

Mr Reagan said yesterday: "Tax cuts are essential to increase productivity and provide a stimulus for expansion of the economy", but he added that the amount of the cuts was something that could be adjusted over a three-year period.

He added that he would support legislation to impose a ceiling on government spending, but he did not have precise figures on how to do this.

Frank Vogl

## British Airways fuel bill is £200m above budget

By Arthur Reed

British Airways spent about £200m more on fuel during the financial year 1979-80 than it had budgeted, and its plans to set aside £90m towards the cost of its new aircraft fleet—the price of three wide-bodied TriStar airliners—did not materialize. Mr Roy Watts, the chief executive of the airline, is telling staff.

But the airline did not make a loss, though. Mr Watts declined to say what the profit for the year was. It will not be made public until July, after it has been reported to the Government, but it is believed to be only marginal.

"We have had to cut our non-aircraft capital programme and run down substantially our cash resources by having to borrow from ourselves in order to protect our aircraft purchases," Mr Watts said.

The airline's prediction that it would be carrying 30 million passengers a year by 1986 might not now be reached until two years' later, he said. Despite this, the £2,500m capital programme to replace old and uneconomic aircraft remained. In the financial year 1980-81, the intention was that after

payment of tax, interest and government dividend, British Airways would be left with a profit of £78m.

It would be added a further £122m, shown from revenue, as depreciation on the aircraft fleet. In all, this would give the airline £200m in cash for reinvestment—the equivalent to the purchase price of five new Boeing jumbo jets.

"We either reach this target or cut back on aircraft orders. We cannot scrape by again as we did last year. Even if the Government would let us borrow that kind of money, we cannot afford the interest we would have to pay," Mr Watts said.

BA's forecasts for 1980-81 include revenue of £2,200m (up 32 per cent on 1979-80), cost of fuel £535m (up 47 per cent), and landing and enroute charges £166m (up 27 per cent). Passenger traffic is estimated to rise by 5.2 per cent and cargo by 0.7 per cent.

"My aim is to ensure stable employment in British Airways," Mr Watts said. "I want BA to be a high-productivity, high-wage airline."

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## Opec still divided on pricing

Taif, Saudi Arabia, May 7

Ministers from the Organization of Petroleum Exporting Countries met today to determine a long-term strategy to ensure stability in world oil supplies and prices.

Señor Humberto Calderon Berti, the Venezuelan oil minister and present Opec president, said that plans drafted by Opec experts would make price increases more predictable and thus less likely to damage consumer economies.

Opec would maintain the real value of its exports and rich nations would, to some extent, pay more according to how they prospered.

Such a system, however, cannot be introduced until the 13 Opec members return to fixing rates according to an agreed "benchmark" price.

Conference sources reported that given the present state of the market, price hardliners are reluctant to return yet to a benchmark price and so clear the way for introducing the long-term strategy.

## CBI and TUC agree on joint talks

By Patricia Tisdall  
Management Correspondent

Agreement to start bilateral talks with the Trades Union Congress on a variety of economic questions was reached by employers at the National Economic Development Council yesterday. The two sides are searching for a forum for joint discussions before the beginning of next winter's wage round.

The NEDC debate at which the Government, unions and employers were represented touched on the pay question during the course of a prolonged debate on general macro-economic issues. Mr David Bassett, the general secretary of the General and Municipal Workers Union told the meeting that exhortations on wages were of no use if there was no union involvement on wider economic subjects and asked how there could be a consensus on pay if there was no consensus on anything else.

The delegation from the Confederation of British Industry led jointly by Sir John Hoadley, Greenborough, its president, and Sir Raymond Pencock, the chairman of BICC who takes over as CBI

president later this month, agreed to begin talks with the TUC.

The only formal contact between the two sides since the last election has been on joint guidelines for the introduction of new technology. However it is understood that behind-the-scenes consultations between the CBI and the TUC leaders on a variety of subjects were interrupted by the death of Sir John Methven, the CBI's director general.

Yesterday's NEDC meeting opened with a tribute to Sir John with all sides expressing their deep regard for his work. Sir Raymond Pencock has identified industrial relations as a key area for his term of office, and is expected to carry on Sir John's work.

The sharpest differences between the unions and the Government and employers on macro-economic issues are the use of monetary policy to reduce inflation; the application of revenues from North Sea oil and the appropriate policy response to the present recession.

All present at the meeting agreed on the need to reduce inflation but disagreed on its relationship to other economic objectives.

Employers' growing concern

about continuing high interest rates was stressed by the CBI delegation. Although broadly supported, the Government's monetary policy, the CBI wants the introduction of more effective curbs on state spending. The Government and the CBI regard unemployment as part of an unavoidable process if price expectations do not change.

There was broad agreement that North Sea oil revenues have a role to play in increasing productivity but there was disagreement on what the role should be. A TUC proposal is that oil revenues should be channelled into a long-term modernization fund, developed by a partnership between the Government and the financial institutions and by increasing the involvement of the National Enterprise Board and similar agencies.

Mr Geoffrey Chandler, the director general of National Economic Development Organisation has also advocated the allocation of oil revenues to aid industry. However, Sir Geoffrey Howe, the Chancellor of the Exchequer, who was chairman of the meeting, noted the TUC proposal but expressed little enthusiasm for it. He said he was prepared to listen to more ideas.

The debate centred on answers to questions tabled by Sir Keith Joseph at his March meeting. On the question of the path out of the recession all sides agreed that the dependence of recovery on the reduction of inflation should be made apparent.

Sir Denis Rooke, chairman of the British Gas Corporation and one of the two nationalized industry representatives present criticized the Government for not explaining its policies sufficiently clearly.

In his background paper to the meeting the Chancellor explained that the Government was against setting out a precise recovery path. However its "financial strategy" set out in the Budget automatic trading between the reduction of inflation and growth of output and reduction of unemployment.

The CBI recommended a display of alternative paths for the economy together with assumptions in order to improve understanding about the impact of inflation.

All sides agreed that monetary and fiscal policies are not enough alone to turn from recession to recovery but there was considerable disagreement about the ability of the Government to do more to stimulate demand.

## 3,500 Talbot workers laid off by weekend

Production at a Talbot car plant of Peugeot-Citroën in Scotland will halt by the end of the week when almost 3,500 production workers will be laid off and future workers in the plant "at risk" as a result of a breakdown in talks between management and men in a

managing dispute over two jobs. The plant at Linwood near Glasgow, which employs 6,500 will lay off 1,400 employees in the machine shop and stamping plant tonight. This is in addition to the 2,051 in the vehicle assembly production works who were sent home last Friday afternoon 24 hours after 26 metal finishers came out on unofficial strike in the vehicle bed shop and were immediately supported by 30 fitter workers.

The dispute—the first big one at the factory for many years—is over a management decision to reduce the manning on the finishing line from 26 to 22, whereas the shop floor maintain that the reduction should only be two men.

The management said that the move did not involve any redundancies, but has insisted that four men should be transferred.

After the 26 men at the centre of the dispute decided at a meeting yesterday to continue their strike, the managing director issued a statement which said: As a result of this decision, it will be necessary to lay-off a further 1,400 employees in addition to the 2,051 sent home last Friday. All major production activity will cease by the end of this week.

"This dispute, after a long period of industrial peace at Linwood, will be a major setback to the company's plan to break even in 1980. Future investment in the plant, must also be considered at risk."

## Sainsbury and P&O show substantial increase in profits

By Our Financial Staff

Profits news from big companies yesterday provided mixed news for stock markets. Sainsbury comfortably beat analysts' forecasts with a 41 per cent profit rise but results from Marks and Spencer and Sear's were at the bottom end of expectations.

More than doubled profits from shipping group P & O were overshadowed by a warning from Lord Inchcape, chairman, about conditions since the end of last year.

Marks and Spencer, which introduced price cuts last year to help keep clothing and textile sales rising, revealed full-year profits up 7.5 per cent to £173.7m on a sales increase of 13.4 per cent to £1,543m. Mr Michael Sacher, vice-chairman, revealed that the group was negotiating with suppliers to cut prices to maintain profit margins in the present year.

Sainsbury surprised the market with its 41 per cent rise in pre-tax profits to £46m and the shares closed 44p higher at 220p. Sales were 23 per cent higher at £1,227m with volume sales up by a tenth.

After tax and £32.1m contribution to the profit sharing scheme, earnings a share were by a third to 42.2p; the final dividend has been raised by half to 12.2p.

Nine new stores were opened during the year increasing total selling space by 5.6 per cent. Expansion is being increased; 21 new stores may be opened in 1980-81.

Sears Holdings, Britain's largest shoe group and the owners of Selfridges department store, blamed pressure on footwear margins from the VAT and heavy losses in its engineering division for the mar-



Mr Leonard Sainer; took over from Sir Charles Clode.

ginal rise in pre-tax profits to £92.8m last year.

Selfridges, the group's flagship, suffered from a lack of tourists last year with trading profits £1.5m lower at £10.6m. Miss Selfridge, the spokeswoman, slipped from £1.2m to £400,000.

The sharpest reverse came in engineering which moved into losses of £5m. The shares held steady at 40p helped by a 40 per cent rise in the dividend and the forecast from Mr Leonard Sainer, who succeeded Sir Charles Clode as chairman, that trading in this financial year was holding up.

P & O, the shipping and property company, yesterday reported pre-tax profits of £38.7m compared with £18.5m in 1978.

Financial Editor, page 27

## Societies seek action over bank home loans

By Margaret Stone

Mr Leonard Williams, chairman of the Building Societies Association, yesterday suggested that the societies' interest rate "ceiling" should be confined to the ordinary share rate only.

Speaking at the BSA's annual conference in Bournemouth, he said: "The mortgage rate in such circumstances might then be left to look after itself, for there are many other pressures thrust on the recommended rate system which operate to keep it as low as possible."

Concern about the low level of interest rates—by competitive standards at least—and the freedom to raise nonstandard investment rate, however, appeared overshadowed by fears about the encroachment of the clearing banks and trustee savings banks into the home loan market.

Mr Williams, who is also chief general manager of the Nationwide Building Society, and Mr Ralph Stow, chief executive of the Cheltenham and Gloucester Building Society—the main speakers—referred to the short-fall in building society lending which has been taken up by the banks particularly, and insurance companies, which now account for about 20 per cent of home loan lending compared with less than five per cent in the halcyon days of 1976-78.

Mr Williams said that when the Bank of England "corner" disappeared next month the big banks would be competing more vigorously for personal mortgage business.

Mr R. T. Gardner, chief general manager of the Bradford and Bingley Building Society, suggested that building society liquidity levels should be allowed to fall from the present level of 18 and a half per cent to 12 and a half per cent.

## Chancellor rules out early cut in bank lending rate

Continued from page 1

0.25 over the month. This means that the annual rate of growth over the past six months has dropped to around 61 per cent, compared with the Government's target of an annual rate of growth of 7.11 per cent.

What is clearly disturbing the monetary authorities is the slowness with which private sector loan demand is responding to the recent record level of interest rates.

The authorities will almost certainly want to see a substantial improvement on this front before they are willing to reduce MLR.

What is more, they are now

approaching a period when the money supply figures are going to begin looking rather less healthy than they have done over the past few months.

One of the effects of the "corset" controls the Government used to regulate the banks was to leave lending out of the system, leading to the process of monetary creation under recorded.

Once the corset is removed in June—last autumn's abolition of exchange controls removed most of its remaining usefulness—a great deal of this business is expected to return to the banks, temporarily inflating the money supply.

Tables, page 24  
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## BUNZL PULP & PAPER LTD

### RESULTS FOR 1979

The 40th Annual General Meeting of Bunzl Pulp & Paper Ltd. will be held on 3rd June, 1980 at 11.30 a.m. at the Abercorn Rooms, Great Eastern Hotel, Bishopsgate, London EC2. The following are extracts from the Report and Accounts for the year ended 31st December, 1979.

SUMMARY OF RESULTS		
	1979	1978
	£'000	£'000
Turnover .. .. .	229,783	206,250
Group profit before taxation .. .	13,659	12,793
Earnings .. .. .	7,661	7,375
Earnings per share .. .. .	29.3p	28.2p
Dividends per share .. .. .	6.57p	5.47p
Including tax credit .. .. .	9.38p	8.17p
Net assets employed .. .. .	87,513	82,406

● Profits at £13.7m were £0.9m up on 1978. The importance of exchange rate movements on the results as expressed in Sterling is highlighted by the fact that at exchange rates ruling at the start of the year, the profit before tax for 1979 would have been £1.3m higher at £15.0m.

● The sale of Bunzl & Biach AG, Vienna, was approved at the Extraordinary General Meeting on 19th March, 1980 and concluded in Vienna on 24th April, 1980. As a result, borrowings are reduced by £18.7m and the gearing ratio improves from 46% to 10%.

● The proposed final dividend of 2.74p a share, payable on 1st July, 1980, together with the interim dividend and tax credits is an increase of 15% over the previous year.

● In the difficult and uncertain conditions facing the Company both at home and abroad, it would be premature to attempt to forecast results for 1980.

Copies of the Annual Report and Accounts for 1979 may be obtained from: The Company Secretary, Bunzl Pulp & Paper Ltd., 21-24 Chiswell Street, London EC1Y 4UD.

## PRICE CHANGES

### Rises

Orzechowski	5p to 248p
Ever G.	15p to 49p
Hankook	15p to 62p
Lampo	22p to 59p
Freemler	3p to 91p

### Falls

Allen H. & Ross	10p to 35p
Chas Goldfields	47p to 44p
Cashin R.	8p to 140p
Diploma Inv	15p to 45p
GKN	7p to 27p

Negretti & Zam	3p to 53p
Reveret	5p to 46p
Sainsbury J.	14p to 108p
Spear & Jackson	14p to 108p
Steel Bros	5p to 132p

Guthrie Corp	12p to 72p
Southey PB	7p to 44p
Stock Conv	8p to 40p
Welcom	25p to 52p
W Rand Cons	14p to 24p

Notes for small denomination bank notes only, as supplied yesterday; International Life Insurance Bank; Different rates apply to travellers' cheques and other foreign currency business.



# Swiss banks support inflation moves by restricting loans to Americans

From Peter Norman  
Zurich, May 7

Dr Peter Leutwiler, president of the Swiss national bank, said today that banks in Switzerland were prepared to co-operate in President Carter's anti-inflation drive by holding down the growth of their lending to Americans.

He told a press conference in Zurich that the attitude of some of the major Swiss banks on this issue was "more paternal than the Pope" as they were worried that non-compliance with the wishes of the American Federal Reserve Board might damage the business activities of their branches in the United States.

Dr Leutwiler disclosed that the national bank would hold discussions on the question in the next week or so with the large Swiss banks.

His statement contradicts reports that European monetary authorities and commercial banks have been refusing to comply with the wishes of the Federal Reserve Board that



Dr Leutwiler: strong support for American inflation battle.

their lending to American residents should grow by no more than 6 to 9 per cent this year.

At the last monthly meeting of central bank governors in Basel the Americans delivered a letter from Mr Paul Volcker, chairman of the Fed, in which

maintaining its strong anti-inflation policy. It also expressed concern about the Swiss government's plans to levy withholding taxes on income from foreign franc bonds held for customers by Swiss banks and on income from money managed by Swiss banks for non-residents on a fiduciary basis.

The national bank felt bound to oppose such plans as they threatened the stability of the Swiss economy. A withholding tax, even if it were only 5 per cent, would drive bank customers abroad and make the national bank's task of controlling the franc more difficult.

Dr Leutwiler also disclosed that the government in Bern had approved the appointment of Dr Markus Lusser as the third member of the national bank's three-man directorate from the beginning of next year.

Dr Lusser, at present chief executive of the Swiss banking federation, will replace Dr Leo Schürmann, who is leaving the national bank to take over the Swiss Broadcasting Company.

## Review on credit ceilings to help trade with Egypt

Export Credit Guarantee Department credit ceilings for backing trade to Egypt, substantially increased in the past year, are being "actively looked at" again because of greatly increased Anglo-Egyptian trading prospects.

This was stated in London yesterday by Mr Cecil Parkinson, Minister for Trade, on his return from a six-day visit to Egypt for talks.

The Government does not exclude putting together grant and credit line packages to help with British involvement in Egyptian projects—this has been done with the second phase of the Mahmoudiya power station project—because of the importance in Egyptian trade of lines of credit.

But Mr Parkinson emphasized that companies would normally be expected to turn to other

sources of credit, and the European Development Fund might be a fruitful source. Britain's exports to Egypt have mounted from £191m in 1977 to £265m last year—and as the fourth largest supplier, taking 8.5 per cent of the Egyptian market.

Lifting of exchange controls has led to an increase in joint ventures with Egyptian companies. Eleven have been nego-

tiated in manufacturing industry with 43 more under discussion.

The Egyptians were making their own contribution to easing the path of joint ventures, Mr Parkinson went on. A simplified Customs tariff procedure is promised in a few weeks' time and other ways of speeding entry of machinery into Egypt were discussed.

FORECASTS FOR THE BRITISH ECONOMY							
	Year 1980 on year 1979 (% change between years unless otherwise stated)						
	NIESR (Feb)	LBS (Feb)	HG (May)	CE (Mar)	STJ (Apr)	P&D (May)	Treasury (Mar)
Gross domestic product	-0.5	-1.7	-1.8	-3.4	-2.4	-2.3	-2.5
Inflation	15.8	17.7	18.6	18.6	17.7	18.7	16.5
Unemployment (000)	1,580 <sup>1</sup>	1,478	1,522	1,800	1,550	1,454	na
Consumer spending	2.7	-0.7	0.3	-1.3	0.5	-0.1	1
Private investment inc house- building	-3.7	-4.7 <sup>1</sup>	-2.1	-6.9	-3.5	-1.8	1 <sup>1</sup>
Public investment inc house- building	-5.1	-3.5	-6.4	-8.5	-7.0	-8.6	-17.5 <sup>1</sup>
Public authorities consumption	-1.1	-0.2	-0.1	0.5	0	-2.3	0
Stockbuilding (£m 1975)	1,750	-600	-364	-400	-430	-250	-450
Exports	2.5	4.5	5.3	-3.3	0.9	4.4	0.5
Imports	2.3	0.8	2.4	-4.6	0.7	1.1	2.5
Balance of payments	9	8.8	7.0 <sup>1</sup>	10.8	7.7	8.3 <sup>1</sup>	9
year 1980 Em	-1,819	-1,700	-309	-1,100	-1,470	-1,100	-2,750
PSBR (£m fiscal 1980-81)							
Money supply (% change in £m3 fiscal 1980-81)	9,000	10,700	8,600	10,200	8,950	8,500	8,500

NIESR: National Institute of Economic and Social Research; LBS: London Business School; CE: Cambridge Econometrics; STJ: St James Group; published in Economist; P&D: Phillips and Drew.

1 fourth quarter 1980 on fourth quarter 1979; 2 fourth quarter 1980; 3 excluding oil; 4 gross fixed investment; 5 private fixed investment; 6 General government fixed investment; 7 second quarter 1981 on second quarter 1980.

Forecasts for gdp components are in constant prices.

The private forecasts assume policy changes. For details readers should refer to original sources. Categories in different forecasts are not completely comparable, but differences are minor. Differences in result also reflect difference in assumptions, model constructions and date at which work performed. The month in which work was published is given in brackets. Forecasts, published by the Treasury twice yearly: NIESR, CE and STJ four times a year; LBS three times a year; HG and P & D revise their forecasts every month.

## Forecasters divided over recession

By Caroline Atkinson

All our forecasters are agreed that the economy is sliding into recession. But the scale of the slump in output predicted for this year varies from 0.5 per cent forecast by the National Institute, to 3.4 per cent from Hoare Govett.

The Institute is generally more optimistic than other forecasters at the moment, although this may change when their new forecasts are published at the end of May.

The government is expected to meet its money supply targets this financial year, although several forecasters expect public sector borrowing to overshoot the £8,500m budget target for 1980-81.

Cambridge Econometrics, who have the most detailed model at a micro industry level, expect a dismal export performance this year, but an

even bigger fall in the volume of imports.

All the other forecasts show a rise in the volume of both exports and imports, with the London Business School and Phillips and Drew expecting a considerably bigger export than import rise.

However, only Hoare Govett predict a sharp improvement in the balance of payments current account. They forecast the deficit this year at £309m.

## Building group wants to retain flexibility

By John Huxley

Members of the Group of Eight, now confirmed as the Government's main channel of communication with the construction industry, are expected to resist demands for its reorganization.

Over the next few weeks, the group will meet to discuss its new role, recently announced without prior consultation by Mr Michael Heseltine, Secretary of State for the Environment.

At the same time he abolished the existing liaison organization, the National Consultative Council, on which 23 bodies were represented.

The Group of Eight, formed about three years ago, is an informal coalition of representatives from employers' federations, the unions and the professions. It is anxious to retain its flexibility and informality, but is now forced to consider how it can act efficiently as a mouthpiece for the whole industry.

It is reluctant to increase its membership—and risk becoming as sluggish as the consultative council—but seems bound to undertake more consultation with the organizations which now find themselves without direct access to the Government.

However, this could involve the creation of a permanent secretariat for the group.

A document suggesting various options in now circulating among the eight members, and will be the subject of a meeting soon. By then, members will also have had an opportunity of hearing the opinions of outside organizations.

One of these, the Institute of Building, has already suggested that a conference of all interested parties should be held. Mr Dennis Neale, its director, said yesterday that he was anxious to ensure that there was no clamour for seats on the Group of Eight.

"I don't want a group of 18, or 28, or whatever. The institute is not seeking direct representation. We would like to sit down and discuss how all organizations within the industry can be adequately represented in discussions with Government."

The institute has already suggested that, because existing members are in effect "translators" within their own organizations, the group should consider the introduction of nominees who would serve for three-year terms.

Meanwhile, the internal wrangling within the group seems to have halted temporarily.

## Bank statements for April

Statements of the London Clearing Banks and their banking subsidiaries in England and Wales, the Channel Islands and the Isle of Man made up to April 16 are summarized in the table below.

	Total	Change	Barclays	Lloyds	Midland	National Westminster	West of England	Yorkshire
Total deposits	73,408	+1,741	21,104	14,105	14,931	23,139	2,109	2,109
Cash and balances with Bank of England	1,741	+164	423	209	249	380	AS	AS
Bank bills and discount market	17,190	+121	3,713	3,784	3,952	6,113	482	482
Other bills	1,325	+35	322	320	322	322	322	322
British Government stock	110	+110	110	110	110	110	110	110
Advances	58,743	+1,955	11,250	6,379	8,774	11,142	1,332	1,332
Parent Banks	12.8	+0.1	12.9	12.5	12.6	13.0	12.9	12.9

## MONTHLY CHANGES IN MONEY STOCK (seasonally adjusted)

	OLD SERIES	NEW SERIES	OLD SERIES	NEW SERIES
Month ended	£ mns	(%)	£ mns	(%)
1979				
12 January	-214	(-0.8)	-368	(-1.5)
21 February	-194	(-0.8)	-134	(-0.5)
21 March	-78	(-0.3)	-72	(-0.3)
16 April	-78	(-0.3)	-16	(-0.1)
20 June	-99	(-0.4)	-72	(-0.3)
16 May	-99	(-0.4)	-72	(-0.3)
20 June	-99	(-0.4)	-72	(-0.3)
13 July	-541	(-2.4)	-598	(-2.5)
18 August	-3	(-0.01)	-133	(-0.5)
19 September	-314	(-1.3)	-314	(-1.3)
17 October	-921	(-4.0)	-814	(-3.4)
21 November	-575	(-2.4)	-418	(-1.7)
1980				
12 December	-36	(-0.1)	-98	(-0.4)
16 January	-2	(-0.01)	-49	(-0.2)
20 February	-431	(-1.8)	-410	(-1.7)
19 March	-317	(-1.3)	-303	(-1.2)

The new series include some minor revisions to the unadjusted data.

# THE PEARSON GROUP

S. PEARSON & SON

RESULTS FOR 1979

Group profit before tax	£53.7m
Made up as follows	
Pearson Longman	£25.7m
Royal Doulton	£13.9m
Whitehall Trust	£11.5m
Midhurst (USA)	£5.7m
Madame Tussaud's	£2.0m
Other Interests	£1.6m
Head Office Interest and expenses	(£6.7m)
Attributable profit before tax	£40.3m
Attributable profit after tax	£26.5m
Earnings per ordinary share	38.7p
Dividends per ordinary share	10.0p
Turnover	£483.8m

## Extracts from Lord Gibson's statement.

I am pleased to report that in the second half of the year under review the Pearson Group more than recovered the ground lost in the first half... total profits for the whole year increased by 4% to £53.7 million, earnings per share rose by 8% to 38.7p... We are, therefore, recommending a final dividend which will increase the net total for 1979 by 25% over 1978. The profits of Pearson Longman and Madame Tussaud's were

both slightly higher. Doulton just missed maintaining its profits, while those of Whitehall Trust increased satisfactorily due to a higher contribution from Lazards. The star performer was Midhurst Corporation (USA) where profits were substantially increased. Despite the sale of half our Ashland Oil holding for nearly £15 million our portfolio investments fell in value by only £6 million to £61 million.

## FOR FURTHER INFORMATION

Please complete the coupon below and return it to our Registrars.

To: the Registrar (CAP 3/4)  
S. Pearson & Son, Ltd.  
Lloyds Bank Limited  
Registrar's Department  
Goring-by-Sea  
Worthing  
W. Sussex BN12 6DA.

Please tick the appropriate box  
If you would like to receive  
a copy of the following:  
1979 Annual Report ☐  
Group Brochure ☐

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_



## Pearson Longman

Pearson's publishing interests are held through Pearson Longman, a publicly listed company in which it has a 64% stake. Longman, Penguin and Ladybird publish an enormous range of books for worldwide distribution. The Financial Times is one of the world's great newspapers and the Westminster Press publishes some 80 local newspapers throughout the U.K.



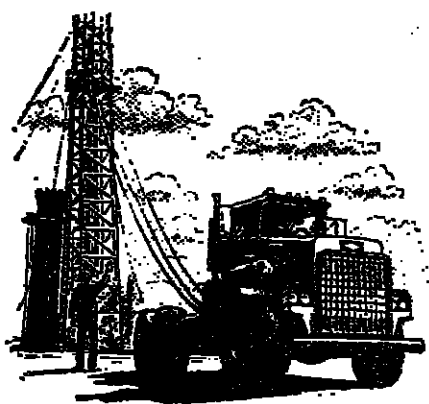
## Royal Doulton

Best known perhaps for its tableware, Royal Doulton is also involved in industrial glass, engineering and sanitaryware. Manufacturing some of the finest and most successful tableware in the world, the company aims for the same high standards in every area of its business.



## Whitehall Trust

Lazard Brothers, the merchant bank, and the Group's investment trusts comprise this highly successful division. The specialised banking services offered by Lazards, which include acceptances and export financing, corporate financial services and fund management, are in demand worldwide.



## Midhurst (USA)

Leading the Group in profits growth for 1979 this company, which was formed in 1956, controls most of Pearson's North American interests. Midhurst's activities include oil and oil-related services and agriculture through its holding in Blackwell Land Company, which grows pistachios, almonds, cotton and grapes.



## Madame Tussaud's

This world famous London institution continues to prosper despite a decline in tourism. Established here in 1835 in Baker Street, the wax exhibition still represents the major part of its activity. The Planetarium & Lazerium, Warwick Castle, Chessington Zoo and Woolley Hole Caves and Mill all contribute to the continuing success of Madame Tussaud's.



## Other Interests

Chateau Latour, Millrayne Holdings and the West Thurrock Estate comprise the other main interests of the Pearson Group. Chateau Latour enjoyed an abundant harvest in 1979 and sales of previous vintages went for excellent prices. Both Millrayne and the West Thurrock Estate represent important interests in property and make a useful contribution to the Group's overall profits.

## Lower hotel occupancy hits room profits

By Our Commercial Editor

Average occupancy in London hotels not only fell by 5 per cent last year but guests stayed in hotels for shorter periods but the number of guests night declined by 7.6 per cent.

This has affected profits of the rooms departments of hotels. This sector, rather than the food and drinks department, has been largely responsible for the increased profitability of hotels in recent years.

These points emerge from the latest annual survey of the capital's hotels by Pannell Kerr Forster, management consultants. The survey of 11,500 hotel rooms of three-star status and above in central London is cited as small and larger hotels.

Mr Richard Corvill, a director of Pannell Kerr Forster, said: "The short-term outlook for profitability of London based hotels is not promising. Resistance to increases in average room rates is being experienced because of inflation and the value of sterling."

"This has caused a downward drift in occupancies as this trend can be expected to continue so long as sterling is so highly valued."

But he emphasized that because the supply of hotel rooms is unlikely to be increased substantially in London the medium-term prospects for the industry are not bleak.

Rooms departments saw a 7.3 per cent increase in revenue compared with a 20.2 per cent rise in 1978, according to the survey. Food and drink departments showed a 9.2 per cent revenue rise in 1979 compared with 12 per cent the previous year, and a 12.2 per cent rise compared with 13.9 per cent in 1978.

Although the number of overseas visitors to Britain fell by only 1 per cent, a heavy fall in numbers from the United States using hotels was not offset by the increases from other countries.

The greatest impact of the falling demand has been at the more expensive end of the market where room revenue rose by only 5.1 per cent last year compared with an average 10.2 per cent at the lower end of the range surveyed.

Occupancy at the upper end was just under 78 per cent although the less expensive hotels were up to nearly 81 per cent during the year. The less expensive hotels were also able to secure a higher percentage increase in average revenue per guest (up 15.7 per cent on the previous year) than were the more expensive hotels, which raised their average revenue per guest by 12.8 per cent.

The question of how far high tariffs in London hotels have led to occupancy declines is tackled in the survey. Some tariffs are high but the average room rates at London hotels appear to have been comparable with those in other capital cities.

With rooms profitability threatened, hoteliers will have to turn more to the food and drinks sectors for greater profits contribution, the survey suggests. Casual eating out has declined but average receipts per meal have risen considerably.

Drinks revenue has also improved proportionately, particularly because of revived banquet demand and the impact of higher prices.

Outlook: Trends in London Hotels 1979. Pannell Kerr Forster and Company, Lee House, London Wall, London, EC2.

## BANK FIGURES

The following are the figures for eligible liabilities and reserve asset ratios of United Kingdom banks released by the Bank of England yesterday.

	Eligible	Rose over 3	Reserve
	liabilities	months at	asset
	£000m	annual rate	ratio
1979			
April	54,317	10.8	13.2
May	47,510	13.7	13.6
June	48,409	27.5	13.5
July	48,988	27.8	13.5
Aug	49,156	14.6	13.3
Sept	49,863	12.6	13.3
Oct	50,088	9.1	13.3
Nov	51,282	18.6	13.2
Dec	52,263	20.7	13.2
1980			
Jan	51,647	13.2	13.3
Feb	52,937	13.5	13.2
March	52,895	4.9	13.2
March	52,779	9.0	13.1



# Talks on new cigarette advertising code expected to start soon

By Derek Harris  
Commercial Editor

A final round of talks on a new code for cigarette promotion and advertising is expected shortly, after an initiative by the tobacco companies on lower-risk cigarettes and promotional expenditure.

The companies are believed to have fallen into line with the recommendations of the independent scientific committee on smoking and health whose chairman is Lord Hunter.

The Hunter committee called for further reductions in tar yields from cigarettes, and for a cutting down of carbon monoxide content.

There have been protracted talks between the tobacco companies and the Department of Health and Social Security about a revised voluntary agreement on cigarette advertising.

There was no agreement by the end of March when the present code ran out, and the agreement has remained in force until a new deal could be hammered out.

The tobacco companies are understood to have told the Government that a new range of cigarette products offering markedly lower tar yields could be ready for launching on the market within two years.

Research is indicating that other suspect constituents, notably carbon monoxide, could be reduced at the same time.

The companies are also believed to be offering to spend a larger proportion of advertising allocations on promoting the new range of cigarettes than at present goes on advertising lower tar brands.

But another key move has been to agree there should be a complementary research and monitoring programme for which the industry is believed to be willing to put up around £1m a year to meet costs.

## Cuts hit Third World

Sharp cuts in tobacco consumption would disrupt the farming economies of many developing areas of Asia and the Americas. The Economist Intelligence Unit said in a report published yesterday. It said that the cuts sought by bodies like Action Against Smoking and Health (ASH) would lead to "serious economic and social dislocation".

The unit said that action by multinational cigarette companies in the Third World had stimulated improvements in methods and rural living standards. It believed that the companies had filled gaps left by aid agencies which were interested in stimulating only the growth of food crops.

"Among the spin-offs are the demonstrated lessons on the value of crop rotation and soil analyses," the unit said. "There are the higher yields of succeeding crops that enjoy the left-overs of tobacco fertilization, and the benefits to other crops of the tillage machinery bought for use on tobacco lands."

The unit rejected claims that tobacco companies exploited farmers, but gave a warning that they needed to invest more in areas where their stocks were grown.

Dr Terence Burley, editor of the report, said yesterday: "If they took a broader view, they might get broader benefits. They really regard the farmer as a person who is there to produce tobacco and nothing else."

It remains to be seen, Mr Patrick Jenkin, Secretary of State for Social Services, seems likely to stonewall on this when, as expected, he speaks in the debate on tobacco advertising in the House of Commons tomorrow.

The debate was called for by a group of MPs worried about the health effects of smoking. With the Government wanting tougher curbs on cigarette advertising, the present extent of such spending—rather more than £30m a year on television, posters and other media—still seems at some risk.

The industry appears to have accepted that there can be no increase in spending levels which, in real terms because of inflation, would mean a progressive reduction in effective spending.

But the industry's most recent argument is that if smokers are to be convinced of the wisdom of moving to even lower-tar brands then advertising will be necessary.

Advertising should also be allowed by the industry in order to allow competition between brands, and maintain consumer choice, the industry has argued.

One area of research which has been pursued in developing even lower tar brands has been into several hundred constituents which can improve the taste of cigarettes.

The Hunter committee recognized the problem of acceptability and suggested that a further substantial reduction in tar yields should be phased over five years.

But there have been arguments that progress towards lower-risk cigarettes should be much faster than this.

# Microelectronics creates problems for disabled switchboard operators Easing jobs pressure on blind workers

A new technological design is being used to neutralize some of the side effects of advances made in switchboard microelectronics which could make blind workers redundant. The design is the work of Graeme Wood, from Imperial College, and was funded by the National Research Development Corporation (NRDC), the Post Office, the St Dunstan's organization for the blind and the Royal National Institute for the Blind (RNIB).

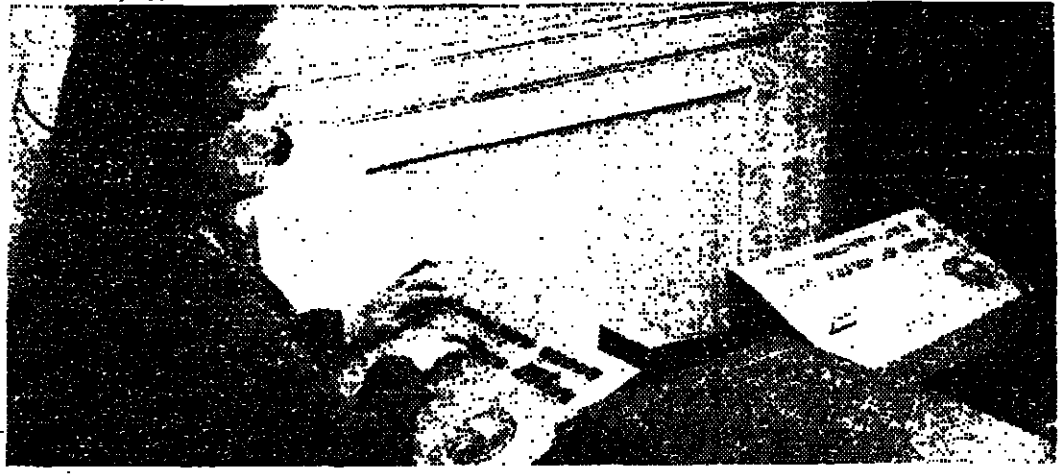
New small private telephone exchanges, used in business premises, have presented a number of operating problems for the blind.

To date these small private exchanges have been an essential source of employment for the disabled. Over 1,000 blind people rely on this type of employment but the age of microelectronics has meant that their present operational producers have become obsolete.

These old systems, relied on electromechanical switches and the heavy currents used in the designs made it simple to adapt to operators depending on touch.

The nature of microelectronic designs means a great reliance on flashing indicator lights panels which cannot be adapted to suit the blind.

Organizations for the blind are extremely concerned about



The prototype of the adapted switchboard is used by the Royal National Institute for the Blind. The console is connected to equipment which gives verbal instructions to the operator.

the design since the manufacture of Private Automatic Branch Exchanges (PABX) has product line up against this sort of benchmark.

become a multimillion pound business and the pace of technology and the need for communication facilities has aggravated the situation.

After initial investigation it was decided that the old tactile indicators would be replaced by a "black box" which would be able to deliver synthesized verbal instructions to the operator. The location of incoming calls are identified by the device calling out the line number. If an extension is engaged or unengaged the device tells the operator.

The new device, called the Switchboard Advisory Module (SAM) will be developed in kit form and can be attached to the two new small Post Office PABX systems with less than 120 lines.

The RNIB is keen on developing a kit which can also be used on some existing manual exchanges that have proved difficult to adapt in the past.

Using this technology on both fronts could improve employment prospects for blind people. Nearly 11,000 manual exchanges (called PMBX4) are installed throughout the United Kingdom, and this is a principal market for the new product.

The Post Office will provide conversion kits for its two new models coming out this year—the Monarch with 120 lines and the Herald with 40.

The Manpower Services Commission will contribute at least part of the £2,500 needed for the conversion kit.

# Britain may be unable to compete on price of nuclear components

By Nicholas Hirst  
Energy Correspondent

Britain's nuclear industry may never be able to produce the key component of the American-designed pressurized water reactor (PWR) as cheaply as overseas suppliers, Mr Ron Campbell, managing director of Babcock Power, told the parliamentary select committee on energy, yesterday.

Mr Campbell, who has been a leading figure in the nuclear industry for many years, said that if one nuclear reactor a year were ordered, according to the Government's commitment made in December, his company would not be able to compete on price for the pressure vessel with overseas companies.

The possibility of exporting a British version of the PWR has been used by its supporters as a reason for switching from the British-designed advanced gas-cooled reactors which the industry began building in the 1960s.

Mr Campbell told the committee that the British programme's turnover rate would be unlikely to enable costs to be brought down to a level where the British product would be internationally competitive. However, although the electricity authorities would be able to buy more cheaply from abroad, he believed it was important to ensure that pressure vessels could be made in the United Kingdom.

In the second half of the 1980s there would be a greatly increased demand worldwide for nuclear power. Other countries would look after their own programmes first, and without its own manufacturing capability, Britain might end up at the end of the queue.

Mr Campbell said a nuclear programme was necessary because coal production might not be able to be expanded sufficiently to meet a shortfall in energy supply as reserves of North Sea oil and gas began to decline.

Electricity would grow as a proportion of energy consumed, but whether it did or not, there was a need for replacement of plant coming to the end of its useful life.

Replacement would be more important than the ordering of new plant. Between 1980 and 1990, new plants capable of generating 40,000 megawatts was ordered. The first of these plants would be 40 years old in 1990. A programme of replacement would therefore need to begin by 1983.

The nuclear industry would work most efficiently if there was a single ordering programme and if one body was responsible for the design and construction of each station.

At the moment responsibility is split between the electricity authorities as the customer, and the National Nuclear Corporation, the monopoly contractor.

Mr David Howell, the Secretary of State for Energy, intends that the corporation should be capable of running the whole contract for a nuclear station by the time the first PWR is ordered, which is planned for 1982. The relationship between the research arm of the CEBG at Barnwood and the design staff of the NNC, however, is still not clear.

Under present arrangements, Mr Campbell said, it was possible to have effort divided, causing design and delay. An all-party committee of MPs is to investigate the decision of the Central Electricity Generating Board to end construction work at the oil-fired power station at the Isle of Grain power station in Kent.

The CEBG decided last month to stop all work on the site making a total of 2,000 workers redundant when notices run out in June. The decision was taken because of the failure to find a solution to a dispute over payments to 27 thermal insulation engineers, known in the trade as ladders.

Yesterday the parliamentary select committee on energy decided to conduct a short inquiry into the reasons for the CEBG's decision to close the plant.

# J SAINSBURY

SAINSBURY'S

PROFIT UP BY 41%

SAINSBURY'S

PROFIT SHARE FOR 17,000 STAFF

SAINSBURY'S

EARNINGS PER SHARE UP BY 32%

SAINSBURY'S

SALES UP BY 22%

## Resounding success built on consistent trading policy.

Salient points from the Statement by the Chairman, Sir John Sainsbury:

- \* Earnings per Share improved by 14.5% in real terms. During the last 10 years the real growth in Earnings per Share has been at an annual rate of 11% for a large business among the highest in the country and greater than any other U.K. retailer of similar size at the start of the period.
- \* This year is the most auspicious start to our Profit Sharing Scheme, and I am pleased to be able to report that some 17,000 staff with the two years' qualifying service will participate in the Scheme and that £2.2m will be distributed in the form of shares or cash depending on the employee's decision.
- \* The increase in sales of 21.8% was significantly higher than expected and shows a volume growth of over 10%. Only in 1978/9, the first full year of Discount Trading, have we achieved a higher annual increase in existing supermarkets.

PRELIMINARY RESULTS			
Unaudited results - 52 weeks to 1st March 1980			
	1980 £000	1979 £000	% Increase
Sales	1,226,595	1,007,070	21.8%
Retail Profit	45,385	31,838	42.5%
Retail Margin	3.70%	3.16%	
Associate Companies	645	818	(21.1%)
Profit before Tax	46,030	32,656	41.0%
Profit Sharing	2,208	—	
Profit after Tax and Profit Sharing	35,071	26,406	32.8%
Extraordinary Item	4,364	—	
Earnings per Share	42.20p	31.83p	32.6%
Dividend - net for year	10.25p	7.12p	44.0%

- \* Over the year our policy of Discount prices has resulted in a further improvement in our competitive edge.
- \* Our share of trade in grocery outlets, measured against Department of Industry figures, reached 9.4% by the year end, compared with 8.4% a year earlier. For that sector of the grocery trade measured by AGB our share went up to 11.8% compared with 10.6%, and we showed a higher market share than any other grocery outlet in that part of the country where we trade.
- \* Stores in new areas are trading at a higher level than planned and last year our two busiest stores in terms of numbers of customers served were in Yorkshire and Derbyshire.
- \* As announced last year, our expansion programme is being increased, reflecting a greater success in obtaining planning permission. 1980/81 could well see twice as many new stores opened as this past year.

## Feedex Agricultural Industries

### Preliminary Results for 1979

- Increase of 25 per cent in net dividend after adjustment for the 1-for-4 Scrip Issue.
- Satisfactory result against a background of difficult economic conditions.

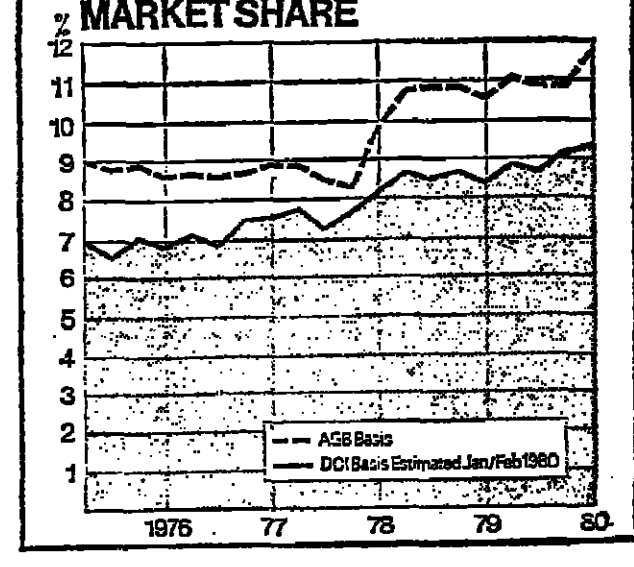
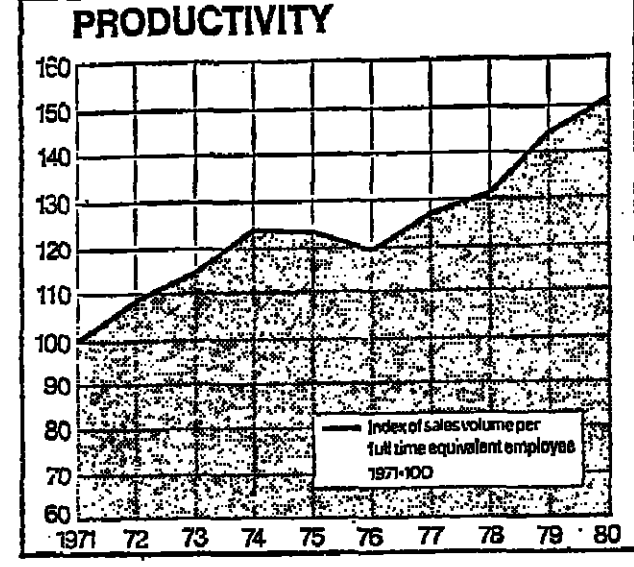
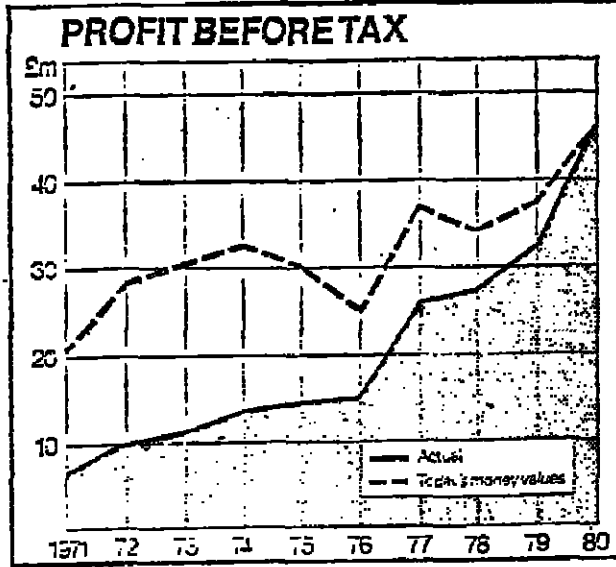
	1979 £000	1978 £000
Turnover	24,065	22,194
Group trading profit	841	1,041
Attributable profit	570	576
Earnings per share	4.36p	4.44p

\* Adjusted for the Scrip Issue

AGRICULTURAL EQUIPMENT MANUFACTURERS  
ANIMAL FEEDS • LIVESTOCK PRODUCTION

Copies of the Report and Accounts will be available from 3rd June and may be obtained from the Secretary.

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## FINANCIAL NEWS

## Stock markets

## Prices slip after bank lending figures

Nervousness in front of the bank lending figures and the money supply rates left the markets drifting down all day. The figures showed the market at first because of messenger strike distortions but were in line with expectations. They did nothing to improve share prices and the prospect of an early fall in interest rates appeared to be discounted by the end of the day.

Some equity dealers also believed that the market's recent rise had to slow down yesterday with the holiday account drawing to a close and the relief generated by the end of the siege at the Iranian Embassy faded away.

Nonetheless, the feeling was that the market was still essentially firm, although by the close the FT Index was at its lowest ebb of the day, 55 down at 439.4.

Government stocks saw the greatest changes of the day. Long-dated securities went £1 into retreat in the morning, a move which had started the previous night. The first reaction to the M3 figures was to help long, but within an hour the influence of the bank lending figures and their implications was more keenly felt.

The overall result was a push in prices to around £1 lower than Tuesday, while the shorter-dated stocks hovered in the lower levels until lunchtime. After the announcement investment demand forced them up £1 higher than the morning, but

prices slipped away again. The cut in Chase Manhattan's prime rate at 3.30 pm to 17 per cent produced another small rally.

**Anxious buyers chased Lorne** 30p up to 603p at one time yesterday on word that British Petroleum or the German Deminor group could launch a takeover bid. The oil giant, which successfully bid for Oil Exploration, moved against the sector trend and closed 22p up at 593p.

The long-awaited bid for George Ewer by T. Cowie which finally materialized yesterday boosted Ewer by 2p to 491p.

but shorts finally closed with £1 losses on the day.

The new rap, Exchequer 131 per cent 1992, did not generate much interest, and dealers believe that there will be no rush to tender today.

A long string of results from big-name retailing companies also failed to excite the market, with the exception of J. Sainsbury which gained 20p to 326p after a 41 per cent profit growth and a 44 per cent dividend rise.

Marks & Spencer, whose profits of £173m were in line with expectations, stayed unchanged at 88p, and Sears Holdings was steady at 41p with a dull set of results. But a warning from the chairman of P & O on profits for the current year overshadowed the more-than-doubled earnings for 1979 and the shares edged up to 124½p.

Millets Leisure rose 6p to 150p after a 28 per cent earnings improvement while furniture shares were dull following

a disappointing set of results from Gomme Holdings, which slipped 2p to 38p. In construction, Whessex lost 8p to 50p after the first-half profits set-back and Costain was clipped by the same amount to 140p despite a near-rebelling of the dividend. George Wimpey's sale of its 10.8 per cent stake in John Mowlem shaved 2p from Mowlem's shares and 1p from Wimpey. Wimpey said that the sale was a normal investment transaction.

The blue chip stocks reflected the state of the gilt market, and most prices drifted

back ending with an average loss of three pence each.ICI lost 4p to 378p, while a bearish report on Unilever, which suggested short-term dependency with the same growth as last year, left a weak market for the shares. They finished 8p down at 413p. Dunlop settled back at 62p, 1p after a large line of shares went through the market on Tuesday, pushing the price to levels it failed to sustain. The annual report, due today, was expected to be fairly encouraging. Fisons, at 287p and Beecham at 118p were 2p down, while Grand Metropolitan lost 1p to 127p. Tarmac

was 4p off at 235p while Blue Circle Industries was 4p down at 322p. Courtaulds fell 1p to 68p.

In engineering, stock came on sale before the banking figures and most finished about 3p down. Hawker Siddeley was 178p, 6p off and GKN lost 7p to 272p. Vickers finished 4p lower at 120p.

**Aurora Holdings chairman Mr Robert Atkinson's appointment** as head of British Shipbuilders drew out a seller of \$7,000 Aurora shares yesterday, which left the price 2p up at 55p. Mr Atkinson was emphatic that he had not sold one share, even as part of his £7,000 salary cut when he becomes Aurora's part-time chairman. "I'd rather buy the shares than sell," he said.

The big four banks showed little response to the banking figures. National Westminster was unchanged at 328p while Barclays gained 2p to 428p.

Midland added 3p to 314p and Lloyds dipped 1p to 295p. Royal Bank of Scotland was unchanged at 85p with results due today.

Equity turnover for May 6 was 587,630,000, a number of bargains (13,701). The most active stocks according to Exchange Telegraph were Premier, P & O, Carless, Capel, ICI, National Westminster, Lamsco, Coms Gold, Marks & Spencer, Burmah, RITZ, BAT Industries, GEC, GKN, Tarmac and Allied Breweries.

## Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
Int or Fm	£m	£m	per share	pence	date	total
Altitude (F)	(—)	0.47(0.39)	(—)	8.5(6.7)	11.7	12.5(10)
Brit Enkallon (F)	60.5(53.6)	2.15(0.25*)	7.4(3*)	(—)	26.7	2.9(1.93)
Brick Estate (F)	(—)	2.18(1.65)	5.11(3.89)	1.45(—)	4.7	(—)
Cent Mfg (I)	43.5(33.8)	1.13(1.42)	2.5(4.1)	1.65(1.65)	14.7	(—)
J. A. Devosish (I)	6.0(5.59)	0.21(0.14)	(—)	3.21(3.03)	2.7	(—)
Dhamal Hldgs (F)	0.036(0.031)	0.004*	2.57(15.1*)	4.0(4.0)	31.5	6.85(6.14)
English & Int (F)	(—)	0.61(0.47)	(—)	3.5(3.2)	28.7	5(4.25)
Feedex (F)	24.06(22.2)	0.83(1.04)	4.36(4.44)	0.88(0.7)	4.7	1.33(1.22)
Gomme (I)	17.9(15.0)	1.2(0.7)	(—)	0.88(0.68)	3.7	(—)
Matthew Hall	220(175.4)	7.57(7.17)	33.39(22.3)	8.46(3.35*)	1.7	10.51(6.44)
Lon & Provincial (I)	(—)	0.23(0.23)	1.03(1.03)	0.5(0.36)	2.7	(—)
Maitson Denny (F)	225(208)	9.19(10.0)	17.37(15.26)	2.25(1.86)	2.7	3.75(3.11)
Marks & Spencer (F)	1,543.5(1,360.6)	173.7(161.6)	7.21(6.58)	1.51(1.46)	10.7	6.91(3.3)
Millets (F)	14.1(12.0)	1.61(1.26)	27.7(21.0)	(—)	(—)	(—)
Samuelson (I)	(—)	0.26(0.6)	(—)	7.25(4.85)	25.7	10.25(12)
J. Sainsbury (F)	1,227(1,007)	46.0(32.7)	42.2(31.8)	1.3(0.94)	(—)	2.0(1.44)
Sears	1,259(1,106)	32.8(22.0)	0.23(0.83*)	(—)	26.6	2.7(2.1)
Talbot Gp (I)	8.23(6.5)	0.06(0.27)	2.7(2.1)	1.51(1.25)	(—)	(—)
Trust Union (F)	(—)	2.04(1.51)	2.79(2.24)	(—)	(—)	(—)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net. \* Loss. † Adjusted for scrip. ‡ Net profit. § Including 10.8p from deferred tax written back. \*\* Adjusted for bonus issue.

# Guardian Royal Exchange Assurance

"1979...in a very difficult year our earnings per share are only slightly below the record results achieved in 1978"

From the Statement of J.E.H. Collins, MBE, DSC, Chairman

The most important development for the Group occurred as the year ended when we acquired the Midwestern Fidelity Corporation, an insurance group writing most classes of short-term business. This company is based in Ohio and, with our other American interests, has established the United States as a territory of major importance to us. The past record of the company has been excellent and the management are remaining with the Group. We look forward to opportunities of mutual assistance in increasing profitability.

## Results and Dividends

The summary of results shows that in a very difficult year for insurance companies we have fallen short of our hopes of bettering the record results achieved in 1978. Nevertheless, despite abnormally severe weather in the northern hemisphere both early and late in the year and results in France and Canada declining to a greater extent than we had anticipated, our earnings per share are only slightly below those of 1978. Investment income and life profits performed fully to our expectations, the reduction in the latter being due to the exceptional profit of £1.9m in 1978 arising out of the vesting of part of the terminal bonus distribution in the United Kingdom.

The effect of exchange rate fluctuation was to reduce premium income by £33.3m and investment income by £7m but short-term underwriting was little affected.

The Directors have recommended the payment of a final dividend which, with the interim payment made in January 1980, will constitute an increase of 16.4% compared with the dividend paid in respect of the year 1978. After payment of these dividends retained profits have increased by £23.8m.

## United Kingdom

We achieved very satisfactory growth but severe weather in the early part of the year and in December

cost the account over £4m. Also, the effect of the Government's sharp increase in value added tax as part of their restructuring of the nation's taxes was very expensive to the insurance industry as it affected not only claims arising after the date of the change, but also claims which were awaiting settlement at that date. The attendant acceleration in the rate of inflation was reflected in the Group's salary bill in the latter half of the year. Despite these difficulties the Accident department contributed an excellent profit, but the Fire and the Motor departments incurred losses. In the case of the latter, the claims frequency rose for the third year running and we have again found it necessary to increase premiums from 1st May 1980.

The difficulties which have beset the marine market in recent years, arising from over-capacity and excessive competition, were further compounded in 1979 by a dramatic rise in the volume of tonnage totally lost, which exceeded that of the previous year by no less than 64%.

## Other Territories

Arising out of our remedial measures in Germany and helped by an increase in motor rates there have been signs of recovery though underwriting conditions remain very difficult. Further improvement will only be attained if more responsible attitudes emerge in the market and, as regards personal lines, if further increases in rates can be obtained.

In Canada results bore up well until the last quarter but a substantial decline then occurred. The outlook for the coming year is most discouraging with an all too rapid return to depressed rates and irrational competition.

As I mentioned last year, the level of competition in Australia is very worrying but the results we achieved remain good in relation to market conditions. We were again assisted by profits from the Marine department and from Papua New Guinea.

Our results in the United States have benefited by the inclusion for the first time of Fidelity Insurance Inc. In view of the continued growth the profits achieved can be considered very satisfactory and we look forward to 1980 when they will be enhanced by those of Midwestern Fidelity Corporation.

The most disappointing aspect was the serious deterioration in France. There were further areas of difficulty in Liberia, the Republic of Ireland, Spain and the West Indies, where hurricane David cost £1.5m. We achieved very good results in Brazil, Kenya, Malaysia and South Africa.

## Life

Once again I am pleased to report substantial growth in the overall volume of new business written: new annual premiums increased by 16%.

The return on the investments of the Guardian Life Fund continued to rise, and experience in other respects was generally satisfactory. As a result, and in spite of our concern at the impact of inflation on our current and future expense levels, it proved possible again to increase rates of declared bonus for all participating policies on the United Kingdom register and for certain policies on the overseas registers. For most United Kingdom policies this was the fifth successive year in which declared bonus rates had been increased, and on a comparable basis a satisfactory increase in profits was obtained.

The new linked contracts written by GRE Linked Life Assurance Limited have been welcomed in the market and the funds under this management exceeded £3m at the end of 1979. New specialist funds were also introduced by GRE Pensions Management Limited in October 1979 to enhance our product range and increase our prospects for growth in the pensions market. We have launched in recent weeks important new products in the fields of pension provision for the self-employed and protection for dependants.

## Staff

During the year inflation, exacerbated by the oil crisis, has contributed to the demands made upon our staff worldwide. In particular this factor, combined with increasing competition and the necessary managerial actions taken to combat these problems, has resulted in considerable pressure on staff. New technologies present challenges which I am sure will be met and turned to advantage. The continued efforts of all staff in such difficult circumstances are recognised and appreciated.

## Prospects

In the United Kingdom, where the business is so important to us, there are hopes of improvement if we can manage to overcome the pressure of inflation both on expenses and on cost of claims. We have certainly had a much milder winter than in the early part of 1979 and we will not have to bear a similar arbitrary burden to the sharp increase in value added tax applied in 1979. On the other hand, we shall require to meet a rather higher salary cost in 1980 and increases in premium to meet higher outgo are subject to some delay before being fully earned in the revenue account.

Elsewhere we look for higher profits from America but underwriting conditions in Germany, Canada and Australia will continue to be difficult.

## Summary of Results

	1979	1978
	£ millions	£ millions
Premiums written—Fire, Accident, Motor and Marine	660.7	619.7
Investment Income	90.3	77.1
Less Interest Payable	7.9	6.7
Transfer to Profit and Loss Account—Fire, Accident, Motor and Marine	82.4	70.4
Life	(13.6)	4.8
Profit before Taxation	75.8	83.3
Less Taxation	33.3	40.9
Profit for year after Taxation	42.5	42.4
Less Preference and Minority interests	1.7	1.1
Profit for year after Taxation available to Ordinary Shareholders	<u>£40.8m</u>	<u>£41.3m</u>
Dividends to Ordinary Shareholders	<u>£17.0m</u>	<u>£14.6m</u>
Transfer to retained profits	<u>£23.8m</u>	<u>£26.7m</u>

Copies of the Annual Report for the year 1979, containing the Chairman's Statement in full, are obtainable from The Secretary, Guardian Royal Exchange Assurance Limited, Royal Exchange, London EC3V 3LS.



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"One of the world's great insurance companies"

## Weather holds back profits at M Hall

By Catherine Gunn  
The last few weeks have seen the best weather in Britain for the construction industry in a long time, to the satisfaction of Sir Rupert Speir, chairman of Matthew Hall, the construction, oil and chemical engineering group.

The picture a year ago was very different, when the bitterly cold weather, and later the engineering strike, made it impossible to complete the £400-£500,000 into Matthew Hall's 1979 profits. Pre-tax profits to December 31 were £7.5m against £7.1m in 1978, on turnover up 44.5m to £200m. Loss-makers George Bilclough and Holliday Hall cost the group £700,000 between them and have been reorganised. Holliday Hall is now in profit, but Bilclough is only expected to break even this year.

Of pre-tax profits, £2.82m came from oil, coal and chemical engineering and £1.81m from the mechanical and electrical services side. In 1978, the group's revenue rose by £976,000 to £2.84m.

The group has tightened up on cash collection and pre-payments and during the year had between £15m and £17m in cash on deposit. At the year-end that had reached £20m. Deferred tax of £1.84m from 1973-74 no longer required to be paid has been written back, reducing the



Sir Rupert Speir, chairman of Matthew Hall.

effective tax rate to 24.3 per cent of pre-tax profits. There may be a further £2m clawback next year. The current deferred tax balances is roughly £8m.

The gross dividend has risen just over a quarter, where yields 8.2 per cent at 184p.

The group has contracts in the North Sea (where it built and services platforms) in 1982. It hopes for fresh business from the gas-gathering project if it goes ahead. Meanwhile, it is expanding into the United States and Singapore.

## Briefly

J. A. Devlin: Turnover for half-year to March 31 rose from £5.39m to £5m and pre-tax profits from £13,000 to £19,000. Interim dividend raised from 3.03p to 3.21p gross.

Trust Union: Total income for year to March 31 reached £2.47m, against £1.96m, including special non-recurring income of £25,000 (nil last year). Total gross dividend raised from 3.03p (adjusted for scrip issue) to 3.85p. Total dividend of 4.28p gross forecast for current year.

London & Provincial Shop Centres (Holdings): Gross rental income for half-year to December 25 rose from £602,000 to £1,011m. Pre-tax profit, £234,000, to £1,000,000. Interim dividend raised from 0.32p to 0.71p gross. Board will pay final of 1.58p, which would make total of 2.33p gross (against 1.83p last year). Total rental income expected to rise to about £2.25m for full year (£1.41m), increasing to about £2.5m from completed investment properties in year starting June 25, 1980.

Nicor Inc.—A listing has been granted by the Council of the Stock Exchange in respect of 22,198,677 issued and reserved shares of common stock in Nicor. The listing is Nicor's first outside the United States, a move in line with Nicor's policy of encouraging international interest in the company's equity.

Rentall Group: Chairman told annual meeting that profits for first quarter are ahead of last year and confirms that, to date, the company is on course for another record year.

Dhamal Holdings: Turnover for 1979 £36,000 (£31,000). Loss after all charges including tax £4,000 (£1,000). Loss per share 2.57p (£1.1p). Dividend held at 0.71p gross.

Mallam Group of Nottingham: Preference dividend for half-year to June 30, payable on June 30 will not be paid.

British Dredging Co and Ready Mixed Concrete: The jointly owned British Dredging (sand & gravel) have agreed that £500,000 being part of the loan by BDC to BD will be repaid in order to provide additional working capital for BDC. To facilitate this repayment RMC has advanced to BD (£5 & G) the further sum of £500,000.

Beneficial Corporation: The United States-based finance group is raising a £20m Euro-sterling 10-year issue. The coupon is 14½ per cent and the bonds are to be issued at par. The issue compares favourably with yields to be obtained currently on gilts and is in line with similar issues quoted on international markets.

Feedex Agricultural Industries: Turnover for 1979, £24.06m (£22.0m). Pre-tax profit, £822,000 (£1,04m). Total gross dividend 2.19p (against 1.78p, adjusted for scrip issue).

Central Manufacturing & Trading Group: Turnover for half-year to Jan 31, £43.32m (£33.81m). Pre-tax profit, £1,13m (£1,42m). Interim dividend, £1.1m (£1.0m). Interim payment unchanged.

The Co-operative Bank is to expand its branch network by about 30 per cent in the next decade. Sir Arthur Sudean, the chairman said yesterday. Plans are to boost the number of branches from 63 to 100. He also pointed out that the Co-operative Bank already operates 850 "handicraft" shops, which provide basic banking services in major Co-op stores, and 3,700 cheque cashing points within stores.

English & International Trust: Revenue for year to April 5 after all charges including tax, £612,000 (£457,500). Dividend 7.1p (5.1p) gross. Net asset a value a share 127½p (134p).

## T Cowie poised to bid for Ewer

By Peter Wainwright

Mr Tom Cowie, chairman of T. Cowie, the North of England Ford motor trader which made £1.6m before tax in 1978-79, is poised to make his second takeover bid in three years.

Three years ago he tried an attempt to buy Colmore Jones, a motor dealer in the Midlands, after starting with 29.9 per cent stake. Today M Cowie has 29.9 per cent of George Ewer and is poised to bid, if he can stop Ewer taking over an unquoted concern Eastern Tractors, an acquisition which would water down his stake.

Three years ago Cowie was advised by Charterhouse Group Today Mr John Gillum a Samuel Montagu plays the role. Against Mr Tom Cowie, who is a former Grey-Green chairman and a string of motor franchises for Ford, Vauxhall and BL. He is advised by M Brian Cox of Barclays Merchant Bank.

Ewer's shares were suspended at 49½p, valuing the group at just over £8.5m. Pre-tax profits totalled £1.5m in the year to last September.

"I'm not sure Ewer will want to sell," Mr Cowie said. Eastern Tractors, Montagu appealed to the Stock Exchange on April 30. It said that the acquisition was sufficient "material" for it to be referred to shareholders in general.

There is an impression that the Stock Exchange will pronounce shortly. Put roughly the rules say that an acquisition is material if it adds 15 per cent to a group's profits, market value, or capital. If material, then the group must issue a circular to its shareholders. But to enforce a shareholders' meeting the percentage rises to 25 per cent. Ewer's shares hardened 2p to 49½p yesterday.

## Bank Base Rates

ABN Bank	17%
Barclays Bank	17%
BCCI Bank	17%
Consolidated Credits	17%
C. Howe & Co.	17%
Lloyds Bank	17%
London Mercantile	17%
Midland Bank	17%
Nat Westminster	17%
Rossminster	17%
TSB	17%
Williams and Glyn's	17%

\* 7 day deposit on sums of £10,000 and under 15% on £25,000 15% on £50,000 15% on £75,000 15% on £100,000 15% on £125,000 15% on £150,000 15% on £175,000 15% on £200,000 15% on £225,000 15% on £250,000 15% on £275,000 15% on £300,000 15% on £325,000 15% on £350,000 15% on £375,000 15% on £400,000 15% on £425,000 15% on £450,000 15% on £475,000 15% on £500,000 15% on £525,000 15% on £550,000 15% on £575,000 15% on £600,000 15% on £625,000 15% on £650,000 15% on £675,000 15% on £700,000 15% on £725,000 15% on £750,000 15% on £775,000 15% on £800,000 15% on £825,000 15% on £850,000 15% on £875,000 15% on £900,000 15% on £925,000 15% on £950,000 15% on £975,000 15% on £1,000,000 15% on £1,025,000 15% on £1,050,000 15% on £1,075,000 15% on £1,100,000 15% on £1,125,000 15% on £1,150,000 15% on £1,175,000 15% on £1,200,000 15% on £1,225,000 15% on £1,250,000 15% on £1,275,000 15% on £1,300,000 15% on £1,325,000 15% on £1,350,000 15% on £1,375,000 15% on £1,400,000 15% on £1,425,000 15% on £1,450,000 15% on £1,475,000 15% on £1,500,000 15% on £1,525,000 15% on £1,550,000 15% on £1,575,000 15% on £1,600,000 15% on £1,625,000 15% on £1,650,000 15% on £1,675,000 15% on £1,700,000 15% on £1,725,000 15% on £1,750,000 15% on £1,775,000 15% on £1,800,000 15% on £1,825,000 15% on £1,850,000 15% on £1,875,000 15% on £1,900,000 15% on £1,925,000 15% on £1,950,000 15% on £1,975,000 15% on £2,000,000 15% on £2,025,000 15% on £2,050,000 15% on £2,075,000 15% on £2,100,000 15% on £2,125,000 15% on £2,150,000 15% on £2,175,000 15% on £2,200,000 15% on £2,225,000 15% on £2,250,000 15% on £2,275,000 15% on £2,300,000 15% on £2,325,000 15% on £2,350,000 15% on £2,375,000 15% on £2,400,000 15% on £2,425,000 15% on £2,450,000 15% on £2,475,000 15% on £2,500,000 15% on £2,525,000 15% on £2,550,000 15% on £2,575,000 15% on £2,600,000 15% on £2,625,000 15% on £2,650,000 15% on £2,675,000 15% on £2,700,000 15% on £2,725,000 15% on £2,750,000 15% on £2,775,000 15% on £2,800,000 15% on £2,825,000 15% on £2,850,000 15% on £2,875,000 15% on £2,900,000 15% on £2,925,000 15% on £2,950,000 15% on £2,975,000 15% on £3,000,000 15% on £3,025,000



## FINANCIAL NEWS

## Mallinson cuts tax bill

By Michael Prest  
By ensuring that it was entitled to the maximum stock relief at the end of the year, timber importer and distributor Mallinson-Denny slashed its tax bill and increased after-tax profits last year from £7.74m to £9.03m before extraordinary items.

Pre-tax profits, by contrast, fell from £10m to £9.2m. But Mr Thomas Macpherson, the company's managing director, said that although Mallinson-Denny would have cut its interest charges by about £1m if stocks had been lower, thereby obtaining bigger pre-tax profits—the after-tax figure would have been much lower.

Moreover, Mr Macpherson argues, Mallinson-Denny saved money by not having to buy timber at the higher prices now

prevailing. Despite the slow-down in world trade, a fundamental shortage of timber internationally is steadily pushing prices up. Weaker demand in Britain, partly depressed by the decline in house building, is not enough to offset within this country the world-wide trend.

Total sales rose from £208m to £225m, of which £60.7m against £64.9m in 1978 were overseas. The decline in foreign sales was largely due to a slump of £10.2m to £2.8m in Thailand. Bad weather for two successive years depressed demand from farmers, causing Thai profits to tumble from £2.17m to £1.05m.

Despite the problems in Thailand, net overseas trading profits went up by about £200,000 to £235,000. The gain partly came from elimination of losses in France, where a

£216,000 deficit was turned into a £378,000 profit, and partly from greatly improved results from Australia, where profits rose from £170,000 to £807,000. Mr Macpherson expects Australia to be strong again this year. Total trading profit was £15.1m, up about £2m.

Exchange movements cost approximately £400,000 in profits, while the figures also include an extraordinary deduction from after-tax profits of £521,000, for revaluation of foreign assets. Total assets rose from £64.8m to £72.9m, although overdrafts shot up from £17.6m to £31m.

A final dividend of 3.21p gross has been declared, compared with 2.14 in 1978. The full payout is 5.36p against 4.45p. Earnings per share were up 2.11p to 17.37p.

## Hawley Leisure in call for £1.25m

Hawley Leisure, the fast-expanding slot machine to bedroom fittings group, is asking shareholders for £1.25m with a rights issue at 40p. In the stock market the shares eased 11p to 47 1/2p.

The move is reckoned to indicate that the group's 34-year-old chairman, Mr Michael Ashcroft, who had favoured paying for acquisitions in shares, will make his next bid for cash.

He has already started, buying private London-based Cherry Leisure concern last month with a £50,000 deposit, a further £450,000 on completion in June and the balance in two stages to June next year.

Mr Ashcroft says the fresh cash will be used in a "delicate mix" of reducing borrowings and financing expansion. The group's overdraft is now £1.8m and taking account of the stock which is available for conversion this month, shareholders' funds stand at £3.2m.

Terms for the 2,995,715 shares on offer are one new share for every six held, one share for every £1 of 12 per cent loan stock 1986-88 and 10 shares for every £2 of convertible debenture stock 1980-84.

Mr Ashcroft makes no profit predictions—although the City is counting on something near £1m against just over £500,000 last time—but says the total gross dividend should double to 2.28 in the year to December.

## Pharmaceutical wholesaling

## The price war's bitter pill

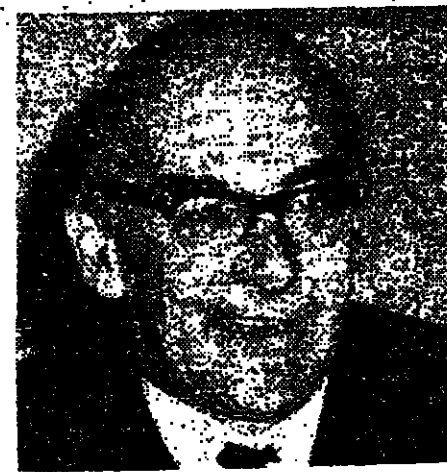
An explosion of cut-throat competition among pharmaceutical wholesalers has inflicted dangerous wounds, even on the major wholesalers. This week, in an effort to cut overheads and fixed costs, the Sangster group, fourth largest in market share terms, announced the closure of 15 of its 27 distribution depots and 450 redundancies.

Some of these depots will be replaced by two larger ones. The total cost of the closures is estimated by others, though unconfirmed by Sangster, at some £12m. It will be carried in the 1980-81 accounts. The final dividend for the year to February 28, 1980, is to be maintained. The profit figures, to be published later, this month, are "guessed" outside the group at £800,000 pre-tax—against £2.17m the previous year. At that level the maintained dividend would not be covered.

Sangster's first-half profits to August, 1979, revealed a pre-tax profit of £600,000. But then the price war began to bite. If profits fail to recover as expected by the group, Mr Anthony Goodwin, the finance director, admits that the dividend policy for 1980-81 would have to be re-thought.

The price war began in May, 1978, when Macarthy's Pharmaceuticals, now the third largest wholesaler with 12 per cent of the market, to Sangster 10 per cent, ignored the resale price maintenance scheme (rpm) on ethical products (drugs). Previously, discounts to chemists were only allowed on non-ethical products—like roborpaste—which were effectively sold at a loss to tempt the chemist to place his entire order with the wholesaler.

But now it is a free-for-all, with discounts offered on the turnover of the whole order. Market leader Vesic is the last to abandon rpm in 1979. And



Mr Hugh Nicholson, chairman of Sangster.

that was when the discount war really sank its teeth into Sangster.

Sangster's larger competitors have some significant advantages. Unichem, number two in the market with 20 per cent of the business, is a co-operative owned by its retail members, and has grown at lightning speed. Vesic is owned by drug and chemicals group Glaxo, which is said to be backing Vesic with some £25m to cover losses on discounting. In the face of these odds, it is not surprising that Sangster is faltering.

Sangster, under Mr Hugh Nicholson, chairman, says that it foresaw some of these problems three years and more ago, and began to diversify. It now has 72 retail opticians and has earmarked some £2m to go into another 30 to 40 shops by December 1980. It also has Britain's largest

photographic supply business, which supplies all Woolworths, photographic equipment; and a small agency business in Northern Ireland.

A similar mainland United Kingdom operation has just been set up to act as a salesman to manufacturers of non-ethical goods who do not want to run their own sales team, and who would bear any discounting costs involved.

All these operations are profitable, and operate on higher gross margins than pharmaceutical wholesaling. But pharmaceutical wholesaling still produces well over two thirds of Sangster's sales.

Sangster's 1979-80 balance sheet is not yet available. But it seems that borrowings are only slightly up on 1978-79, £2.95m, when the debt:equity ratio was 27:1 per cent.

It also has cash to come, estimated but as yet unconfirmed at roughly £250,000, from an out-of-court settlement. It expects to sell some of the closing depots—though not to competing pharmaceutical wholesalers, who are also axing depots—and part of its fleet of vehicles by end-December 1980.

The closure costs should be shown below the line in this year's accounts. If they have to come in before tax, there is talk outside Sangster of 1980-81's pre-tax profit falling below £500,000. But the company itself is expecting a pre-tax increase this year. Meanwhile, a bid for the group is unlikely. No one else in the industry needs extra depots; and if Sangster were eventually to founder and fail, its client, retail chemists would be eagerly snapped up by Vesic, Unichem and Macarthy's for nothing but the cost of the discounts they already offer their own clients.

Catherine Gunn

## Receiver called in at J Dykes

By Phil Robinson

The receiver was called in at upholstered furniture makers J. Dykes (Holdings) last night after the board decided it could no longer trade out of the receivership which is expected to call of a number of small companies.

In a statement the directors said they have asked the Royal Bank of Scotland to appoint a receiver as the company was trading at a loss of "substantial and unexpected proportions" since the last statement to shareholders.

That was last December when Mr Harold Dykes the chairman said the group had made losses

in the second half of 1978-79 which sharply increased to a deficit of £235,241 for the six months to the end of July.

Mr Dykes said a succession of adverse events caused the cancellation of orders. Competition had intensified and a large volume of products had to be cleared at a loss.

At that time Mr Dykes said he could not predict a trading profit for the current year, to January 1980, but careful financial projections justified optimism for the following year.

In a statement yesterday the board said that a independent accountant's report stated a

significant loss would be incurred this year even assuming an improvement in trading conditions.

"The loss has arisen as a result of an unprecedented downturn in sales partly due to the current economic climate and partly to intense competition within the company's industry."

A proposal was made to sell off the group's Guy Rogers subsidiary, bought in 1972, and attempt to trade out of difficulties through J. Dykes only. But the board says it found no reason to expect an improvement in trading conditions

## Peerless prepares for a quotation

Arrangements are being made by Singer & Friedlander for the offer for sale of 3.18m ordinary shares—or 25 per cent of the capital—of Peerless Ltd. This is a holding company for a diversified consumer products group.

In the year to March 31, 1980, Peerless's turnover reached £33.2m, while pre-tax profits are estimated at £3.8m. The shares offered for sale will not rank for dividends for 1979-80, but had they been listed for the whole of that year the board would have recommended a total payment of not less than 6.3p.

The offer price is almost sure to be 100p to indicate a market value of £12.9m. The shares at 100p would yield 9 per cent on dividend and sell at 4.96 times pretax profits of £3.8m on an expected tax of 31.5 per cent.

Brokers: Hoare Gorrett in London and Murray and Co, in Birmingham.

## Back in the black at Talbex

After slumping into loss in 1978-79, the Talbex Group has returned to the black in the half-year to January 31. On sales up from £6.47m to £8.23m, it achieved a pretax profit of £58,000, against a loss of £306,000 last year, after paying a heavier interest charge of £208,000, compared with £142,000.

Talbex's reserves were improved by a further £63,000 from the recovery of a bad debt and the sale of two leases. Historically, the group has made higher profits in the second half and the board expects this to continue, although this year account must be taken of the steel strike.

## London jobbers to deal with foreign brokers

As expected, the London Stock Exchange Council has approved new rules which will allow jobbers to deal as principals directly with approved foreign brokers from June 22. The rules, approved this week, include the minor amendments under consideration since mid-April. In particular, London brokers will not be precluded from dealing abroad when a better price is available from a London jobber, providing the client's interests benefit from the research and other services provided by the foreign dealer. The stock exchange will draw up a master list of approved foreign dealers around the world. Jobbers have been asked to submit names for inclusion. Approved foreign dealers will be expected to act on a principal rather than an agency basis when trading with London jobbers.

Market sources added that the exchange's ability to police this requirement is widely questioned.

South African mining shares

## Business appointments

## Barclays Bank Trust announces new directors

Mr J. W. Dyson, a director and general manager of Barclays Bank International, has also been appointed a non-executive director of Barclays Bank Trust Company. Mr M. E. Emm, assistant director, has been appointed an executive director of the trust company.

Mr J. B. Stevens, Mr F. P. L. Adams, Mr N. G. N. Ashford, Mr J. I. M. Hamilton, Mr M. C. Spence, Mr B. E. Toms, Mr P. J. Matthews and Mr R. J. H. D. Palmer have been taken into partnership of Grieson, Grant and Co.

Mr Paul Mower and Mr Roy Warren have been admitted to the partnership of Robson Rhodes.

Other new partners appointed after the merger with the Manchester firm of Ashworth, Minley, Messers J. Richard A. Ruston, Anthony R. Dobell and James

are likely to provide the main focus of dealing interest under the new rules, with some activity expected in Far East and North American stocks.

## Smurfit sale

James Barnes, a subsidiary of Jefferson Smurfit Group, has agreed terms for the sale of part of its waterproof paper business to Capsels for about £700,000 cash.

The sale includes certain items of plant, stocks and goodwill and the exact price will depend upon the value of stocks at completion. Following completion, the acquired business will be integrated with that of Packaging Products, the Manchester-based subsidiary of Capsels, and the acquisition will strengthen Packaging Products' position in the waterproof paper market.

## Third Mile to merge with Sempah

Terms for a merger have been agreed between Third Mile Investment and Sempah (Holdings). Third Mile will offer to acquire the shares not already owned on the basis of one share for every seven Sempah. Third Mile owns 288,117 Sempah shares (7.39 per cent) and Sempah owns 288,350 Third Mile shares (22.01 per cent). The merger will be effected by a scheme of arrangement, details of which will be sent out on May 30. Sempah's shares are not listed.

## First-half setback at Samuelson Film

Pretax profits of Samuelson Film Service were more than halved to £268,000 in the half-year to September 30, 1979, compared with £506,000 last time. This group supplies equipment and services to the film and television industries. As on a number of occasions in the past the outlook for the film and TV business has been clouded, Samuelson's board will pay only one dividend for the year. This will be decided when the full year's results are available. A total dividend of 12.52p gross was paid for 1978-79.

## Scrip issue from Brixton Estate

Brixton Estate the property group made a gross profit of £3.3m in 1979 against £2.8m the year before. Net rental income was £3.5m against £7.15m. Investment profit was £2.8m against £2.4m and the dealing profit was £525,000 against £405,000. Net profits were 31 per cent up at £2.18m. Gross dividends for the year are 4.16p, compared with 2.76p. Earnings per share rose from 3.89p to 3.11p. The board is recommending a one-for-five bonus issue and comments that the "programme of developments worldwide continues to make good progress".

Mr Luke Melnerzhagen has joined the board of General Consolidated Investment Trust.

Mr Kenneth Roberts is to be chairman of the new division which Teaser Kennedy & Millburn (Holdings) has formed to manage the properties owned by TKM worldwide.

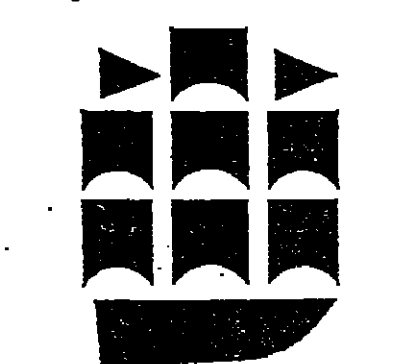
## FT Financial Times

Financial Times, the pre-eminent international daily business newspaper is now published in London and Frankfurt. Other company activities include publication of *World Business Weekly* in the United States, a series of business newsletters, the *Financial Times Diary* and specialist financial/business books and magazines including the *Investors Chronicle*, the provision of a business information service to subscribers worldwide, participation in Finet, a company developing new electronic information services for the businessman; the organisation of business conferences. The Financial Times is a major shareholder in The Economist Newspaper and Industrial and Trade Fairs Holdings.



## Westminister Press

Publishes over 60 daily or weekly local newspapers and 17 controlled circulation papers. Total circulation is some 6 million copies per week. Other activities span contract newspaper and general printing, the Angus chain of shops in the South East and the Westminister Press Inquiry Bureau located at York. Westminister Press has a substantial interest in BPAI Holdings, publishers of *The Birmingham Post and Mail*.



## Longman

Founded in 1734, Longman's publishing has ranged from Dr Johnson's first dictionary to *Roger's Thesaurus* and *Grey's Anatomy*, now in its 35th edition. This distinguished international publishing group is principally involved in the educational, reference and medical spheres with over three-quarters of its business emanating from outside the United Kingdom. New and continued development is taking place for specialist markets in the United States, in dictionaries and reference books, in self study publishing and in the range covered by the Periodicals and Directories Division.

## PEARSON LONGMAN

A publicly listed subsidiary of S. Pearson & Son

## RESULTS FOR 1979

Turnover	£200.3m
Profit before tax	£25.7m
Made up as follows	
Financial Times	£4.0m
Westminster Press	£13.4m
Longman	£8.5m
Penguin	(£0.4m)
Ladybird	£1.0m
Head Office	
Interest and expenses	(£0.8m)
Profit after tax	£15.0m
Earnings per ordinary share	36.4p
Dividends per ordinary share	8.4p

## Extracts from Mr. M. J. Hare's statement

Pearson Longman did well to raise earnings per share and profit before tax in a very difficult year for the United Kingdom publishing industry.

The 1979 results demonstrated one of the advantages of our broad base of newspaper and book publishing interests. The newspapers were able to take advantage of buoyant demand for advertising to make satisfactory profits and to maintain their level of development expenditure. They also benefited from the lower cost of newsprint. The book

companies were faced with a difficult United Kingdom market, particularly in the educational field, and a strengthening pound made them less competitive in overseas markets. It is with great pleasure that I report the granting to The Financial Times of the 1980 Queen's Award for Export Achievement.

The board recommended a final ordinary dividend of 4.605 pence per share bringing the net total for 1979 to 8.355 pence per share compared with 6.684 pence per share for 1978, an increase of 25 per cent.

## FOR FURTHER INFORMATION

Please complete the coupon below and return it to our Registrars.

To: the Registrar (CAP 34)  
Pearson Longman Limited  
Joyce Bank Limited  
Registrar's Department  
Goring-by-Sea  
Worthing  
W. Sussex BN12 6DA.

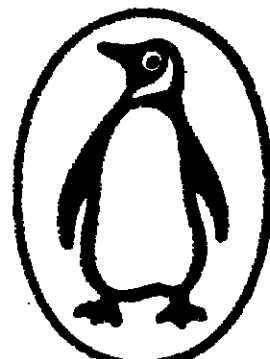
Please send me a copy of the 1979 Annual Report

Name

Company

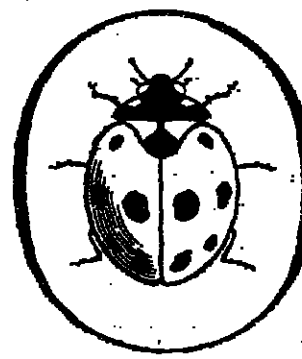
Address

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## Penguin

One of the best known publishing houses in the world, Penguin publishes paperback books under the Penguin, Pelican and Puffin imprints from a wide ranging list of over 4,500 titles. Hardcover books are issued under the Viking, Allen Lane and Kestrel imprints. The profound effect that Penguin books have had on education and general reading patterns is widely accepted. They are read in almost every country in the world. Nearly half the Penguin output is exported and it publishes also in the United States, Canada and Australia.



## Ladybird

Ladybird is renowned for its very successful English language children's books published principally in a standard format representing excellent value. Its titles are designed primarily for children of all age levels from pre-school years up to a reading age of 13. Upwards of 40 new titles are added every year to its list, now totalling some 500. Exports, which include special foreign language versions of Ladybirds, represent about 30 per cent of turnover.







## FINANCIAL NEWS AND MARKET REPORTS

## Commodities

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## End Forward

1 month	3 months
1 yr., 12mo prem	3 1/2% 12mo prem
60-day prem	1 1/2% 60-day prem
90-day prem	1 1/2% 90-day prem
120-day prem	1 1/2% 120-day prem
150-day prem	1 1/2% 150-day prem
180-day prem	1 1/2% 180-day prem
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240-day prem	1 1/2% 240-day prem
270-day prem	1 1/2% 270-day prem
300-day prem	1 1/2% 300-day prem
330-day prem	1 1/2% 330-day prem
360-day prem	1 1/2% 360-day prem
390-day prem	1 1/2% 390-day prem
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630-day prem	1 1/2% 630-day prem
660-day prem	1 1/2% 660-day prem
690-day prem	1 1/2% 690-day prem
720-day prem	1 1/2% 720-day prem
750-day prem	1 1/2% 750-day prem
780-day prem	1 1/2% 780-day prem
810-day prem	1 1/2% 810-day prem
840-day prem	1 1/2% 840-day prem
870-day prem	1 1/2% 870-day prem
900-day prem	1 1/2% 900-day prem
930-day prem	1 1/2% 930-day prem
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2280-day prem	1 1/2% 2280-day prem
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2340-day prem	1 1/2% 2340-day prem
2370-day prem	1 1/2% 2370-day prem
2400-day prem	1 1/2% 2400-day prem
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3090-day prem	1 1/2% 3090-day prem
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3150-day prem	1 1/2% 3150-day prem
3180-day prem	1 1/2% 3180-day prem
3210-day prem	1 1/2% 3210-day prem
3240-day prem	1 1/2% 3240-day prem
3270-day prem	1

# Wall Street

New York, May 7.—The stock market rose in heavy trading this morning but blue chips were weak. Advances led declines four-to-one. The Dow Jones industrial average lost a point.

Analysts said the elimination of the discount rate surcharge by the Federal Reserve drew a mixed reaction from investors. They said that while investors are happy to see interest rates come down, they wonder whether the Fed's move should count as a resolute inflationary fires and lead to tightening later.

Interest-rate-sensitive stocks moved higher but major financials were flat. Western Finance rose 1½ to 21.

On Tuesday stocks closed mixed as the index lost 0.01 to 60.44 and the average price per share one cent but advances led declines 95 to 575.

The Dow Jones industrial average slipped 0.26 to 816.04 as turnover expanded to 40,160,000 shares.

Volume leader General Motors opened 2½ lower but held above that level until late in the session. Analysts said the further a G.M. price weakness late in the day would reflect the company's outlook.

Active Ford Motor, which analysts expect will cut its dividend later this year, lost 3 to 21½.

Reichmann Duesch dropped 1½ to 27. A block of 790,000 shares moved at 26.

Standard and Lomb fell four nines.

41 Copper Laboratories sold 653,000 shares of Bausch at 42½, or about \$27.60, in response to its announcement. Yesterday Cooper said it would buy

[illegible][illegible]

## Fairbairn may be split up

By Philip Robinson  
Potential buyers of parts of collapsed engineering group Fairbairn Lawson are likely to show whether they mean business by Friday.  
Mr Bill Mackey, the Receiver, of Whinney Murray the accountants said he was in negotiations with a number of companies interested in buying parts of

"I will have a clearer picture by the end of the week. Some of the talks are at an advanced stage", he said. Last month Fairbairn asked Barclays Bank, its largest secured creditor, owed £5.1m, to appoint a Receiver after an unsuccessful fight by the directors to save the company.

Finance House Base Rate 15%	
<b>Recent Issues</b>	<b>Closing Price</b>
Amrad Inc. 1000 Shrs	100
Bochler's Exptl Int'l Inv	116 1/2
Edwards & Kelcey Int'l Plntls	100
McIntosh Mining Inc.	2 1/2
Reep Int'l Trs Inc.	164
Lauren Int'l Inv & Inv Corp	7 1/4
Midwest Int'l Inv. Bd 1000 Shrs	4 1/4
Conder R.H. Int'l Inv	100
Truett Corp 2000 Shrs	2000
Truett Int'l Inv. Bd 1000 Shrs	12 1/2

## Options

The traded options market was quiet yesterday as stock prices slipped back. The total number of contracts was 427.

Spencer made 35 contracts on the day of its annual results which showed £173m profits. Cons Gold produced 62 and Grand Metropolitan Hotels 37.

The oil stocks again dominated traditional options with calls in Premier where investors protected their interests as the share price climbed

**Silver dips to 40 cents**

New York, May 6.—COMEX SILVER futures closed \$2 to 40 cents lower on a record decline in the price of the IMF gold auction tomorrow as 242,000 ounces, the last sale under the current programme.

Spot May delivery lost 32 cents to \$12.90 an ounce and the near-month July ended 35 cents at \$13.04.

Floor brokers said those calculations were based on the IMF's support, added to \$12.50 in the spot month, applied

Common	357	175	Philip Morris
Exxon Corp.	779	175	Phillips
Exxon Corp.	808	81%	Phillips
Fed Dept Stores	244	25	Phillips
Firestone	24	25	Phillips
General	14	14%	Phillips
Genl Supt Bldg	304	30%	Phillips
Genl Penn Corp	3	3	Phillips
Ex div. A	100	100%	Phillips
Ex div. B	100	100%	Phillips
Ex div. C	100	100%	Phillips
Ex div. D	100	100%	Phillips
Ex div. E	100	100%	Phillips
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Ex div. J	100	100%	Phillips
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Ex div. L	100	100%	Phillips
Ex div. M	100	100%	Phillips
Ex div. N	100	100%	Phillips
Ex div. O	100	100%	Phillips
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Ex div. T	100	100%	Phillips
Ex div. U	100	100%	Phillips
Ex div. V	100	100%	Phillips
Ex div. W	100	100%	Phillips
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Ex div. CH	100	100%	Phillips
Ex div. CI	100	100%	Phillips
Ex div. CJ	100		

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## Brit Enkalon loses £2m

British Enkalon, the man-made fibres group, a 72-per-cent owned subsidiary of the Dutch Akzo Group, lost £2.15m in 1979 compared with a loss of £250,000 in 1978. Turnover was up from £53.6m to £60.5m. The company has been in the red since 1975 when it turned in a loss of £6m.

Mr J. Martin Ritchie, the chairman, says the flow of United States imports has reached overwhelming proportions and the response from the EEC has been inadequate. He adds that the company is pressing ahead with concerted actions.

**Eurosyndicat**  
The Eurosyndicat Index on European share prices was put provisionally at 132.57 on May 6 against 132.17 a week earlier.

revenue after all charges including tax for year March 31 £1.04m (£746,000). Second interim in lieu of final 4.25p, making 6p (4.25p). In order to reduce disparity between payments, board intends to declare an interim of 2p in respect of the year to March 1981 Nav 152.7p (182.9p).

Altitud : Pre-tax revenue for year to March 31 £469,000 (£392,000)

Premier Consolidated Oilfields Testing of a well on the Monument Creek prospect in Southern Utah has yielded successful results. The indicated daily oil production rate is 632 barrels

1290.00	June	1295.00	July	1300.00
1310.00	Sept	1320.00	Dec	1370.00
Jan	1389.88	March	1416.38	May
1443.50	July	1470.35	Sept	1490.00
1539.50	Jan	1554.00	March	1561.00

**GOLD** Futures were: NY COMEX

May	\$506.70	June	\$509.60	\$10.70
July	\$516.50	Aug	\$520.00	\$5.00
Oct	\$521.00	Nov	\$523.00	\$2.00
Feb	\$551.60	April	\$558.00	June
\$571.10	Aug	\$580.80	Oct	\$590.30
Dec	\$600.00	Feb	\$603.50	

**CHICAGO** May: May, \$506.50 asked  
 June, \$509.00 asked  
 Sept, \$521.50-526.50 bid  
 Oct, \$532.50 asked  
 Dec, \$541.00

94.15c; May, 96.15c; Jul, 96.75c; Sept., 98.00c; Dec., 100.00c; Jan., 100.50c; March, 101.25c; May, 102.00c. **FUTURES** fell 0.21 1/2¢ to 99.75¢. **WORLD CEREALS** **WHEAT** (hard) early sowing, led by trade selling into early strike in the September to a new life of contract high at 29.00¢. **May**, 28.50c; **July**, 29.00c; **Sept.**, 29.25c; **Jan.**, 29.75c; **bid**, 29.10¢ asked, 29.15¢; **March**, 29.05-29.20¢; **May**, 29.25c; **July**, 29.20-29.50c; **Sept.**, 29.50c; **Jan.**, 29.60c. **BARLEY** **FUTURES** were: **May**, 80.00¢; **July**, 80.00¢; **Sept.**, 80.00¢; **Jan.**, 79.30¢; **Oct.**, 79.60¢; **Der.**, 75.10-75.20¢; **March**, 75.90¢; **May**, 75.00¢; **bid**, 75.10¢ asked, c. July, 75.00¢.

[illegible]

## Authorized Units, Insurance & Offshore Funds

[illegible]





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London NW1 5QD.

**BHS**

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